KCStat

kcstat.kcmo.org
December 6, 2016
#KCStat

Finance and Governance

Finance and Governance

To be transparent and employ best practices in governance and management, and strengthen, expand, and make judicious use of Kansas City's economic resources to maintain solvency and build resilience.

How To Get There: 2017-2022 City Objectives For Finance and Governance

1. Seek legislative relief with regard to the five-year renewal of the earnings tax. (Ongoing)
2. Develop and deliver an organizational standard of administrative, governance and financial core competencies for employees by online training, including implementation of the Finance Training Academy in the spring of 2017. (Ongoing)
3. Maintain and strengthen the City's General Obligation AA credit rating through the Five-Year Financial Plan and build the General Fund balance to at least two months of operating expenditures. (Ongoing)
4. Implement policies and procedures, including fit for duty, transitional duty, functional job studies, fraud prevention, and enhanced safety training for employees (May 2018), and implement new litigation strategies that reduce risks and reduce exposure to potential accidents by residents and visitors. (May 2019)
5. Identify and take advantage of opportunities for cost savings and efficiencies through operational analysis and managed competition, including a review of citywide timekeeping and payroll functions (Ongoing, April 2018)
6. Continue to implement a vehicle and equipment replacement program. (2022)
7. Develop a comprehensive funding strategy for maintenance and capital improvements in conjunction with the renewal of the Capital Improvement Sales Tax and an up to $800 million General Obligation Bond authorization in April 2017. (December 2016)
8. Incorporate special revenue funds into the Five-Year Financial Plan and ensure they are structurally balanced. (2017)
9. Review the City's revenue structure and identify potential new sources of income and current barriers to generation of grant revenue. (2017)
10. Develop a long-range plan in conjunction with collective bargaining groups to fully fund benefit programs including pension, healthcare and other post-employment benefits. (2021)

2017-2022 Measures of Success

Measures of Success	FY15 Actual	FY16 Target	FY16 Actual	FY17 Target	FY18 Target
Percent of citizens satisfied with the value received for tax dollars	41.6%	44%	41%	46%	46%
General Fund unreserved fund balance as a percent of annual operating expenditures	12.29%	16%	11%	16%	16%
Pension system funding ratio for employee pension system	86%	100%	83%	100%	100%
Workers' compensation claim frequency rate (per 100 employees)	18	15	15	15	15
Percent of fleet within lifecycle (General Fund Departments)	48.7%	80%*	47%	80%*	80%
Number of open data sessions	156,313	171,945	202,256	189,140	206,301
Percent of citizens satisfied with effectiveness of city manager and appointed staff	51%	53%	52%	55%	55%

*80% is five year target for fleet in lifecycle

Source: Citywide Business Plan

Finance and Governance: KCStat Dashboard

Financial Management

41

percent of citizens satisfied with the value received for their tax dollars

❌ needs improvement

Operational Efficiency

10.8M

annual expenditures on workers compensation claims and settlements

👁 measuring

Detail ❯

Detail ❯

Source: kcstat.kcmo.org

Financial
Management

41

percent of citizens satisfied
with the value received for
their tax dollars

needs improvement

Detail ❯

Finance

Citizen Satisfaction with "Value You Receive for Your Tax Dollar"

41 percent of citizens satisfied with the value received for their tax dollars
Current as of Jun 2016

▸ **46** percent of citizens satisfied with the value received for their tax dollars
Jun 2018 Target

ⓧ Needs Improvement
▲ Hide chart

Current
41 percent of citizens satisfied with the value received for their tax dollars

Target
46 perc...

Start
25 percent of citizens satisfied with the value received for their tax dollars

31 Dec 2005   Jan 2008   Jan 2010   Jan 2012   Jan 2014   Jan 2016   Now   30 Jun 2018

FY17 Mid-Year Satisfaction = 42.9%

Objective 1

Seek legislative relief with regard to the five-year renewal of the earnings tax. (Ongoing).

Resolution 160839

The City continues to oppose any efforts to undermine the Earnings Tax for the 2017 session of the Missouri General Assembly pursuant to Resolution No. 160839 which outlines the City's state legislative priorities.

Objective 9

Review the City's revenue structure and identify potential new sources of income and current barriers to generation of grant revenue. (2017)

City Revenue Committee

The Finance Department, with the assistance of the Law Department, has established a committee to study and review the current revenue structure of the City as a follow-up and supplement to the work of the 2012 Citizens' Commission on Municipal Revenue. The new committee expects to issue a draft report to the Finance Director in the spring of 2017.

Objective 3

Maintain and strengthen the City's General Obligation AA credit rating through the Five-Year Financial Plan and build the General Fund balance to at least two months of operating expenditures. (Ongoing)

Credit Ratings

* No change in credit ratings since last affirmed in early 2016

Credit	Moody's	Standard and Poor's
General Obligation Bonds	Aa2 *	AA *
Special Obligation Bonds	A1 *	AA- *
Water Revenue Bonds	Aa2	AA+
Sewer Revenue Bonds	Aa2 *	AA *
Airport Revenue Bonds (senior lien)	A2	A+
Airport Revenue Bonds (junior lien)	A3	A

Source: Treasury Division (table also on kcstat.kcmo.org)

Credit Rating Reports - Strengths

- Credit strengths – Moody's March 2016 Ratings Report
  - Large and stable tax base that acts as regional draw for healthcare, higher education, finance, and commerce
  - Stable financial performance that is supported by strong fiscal management and available liquidity outside of the General Fund

- Credit strengths – S&P March 2016 Ratings Report
  - Adequate economy, with access to a broad and diverse metro area
  - Very strong management with strong financial policies and practices
  - Adequate budgetary performance
  - Strong liquidity and budgetary flexibility
    - Five year plan to build reserves

Credit Rating Reports - Weaknesses

○ Credit weaknesses – Moody's 2016 Ratings Report

- ○ Very elevated debt burden

  - ○ Net direct debt = 5.7% of full value of real property

- ○ Large pension burden

- ○ Below average General Fund reserves

- ○ Below average socioeconomic profile

○ Credit weaknesses – S&P 2016 Ratings Report

- ○ Weak debt and contingent liability profile

  - ○ Net direct debt = 163.7% of total governmental fund revenue

- ○ Failed renewal of the earnings tax would present significant budget challenges

Factors That Could Lead to an Upgrade

○ **Upgrade Factors** - Moody's 2016 Ratings Report

  ○ Sustained trend of surplus operations leading to growth in reserves

  ○ Significant moderation of debt and pension burdens

  ○ Continued trend of tax base growth and diversification and improvement in socioeconomic indices

○ **Upgrade Factors** - S&P 2016 Ratings Report

  ○ If the City is able to improve its economic indicators substantially while maintaining balanced or better financial operations and 100% ARC funding

Factors That Could Lead to a Downgrade

- **Downgrade Factors** - Moody's 2016 Ratings Report
  - Weak financial performance leading to any declines in reserves
  - Inability to grow reserves in proportion to growing budget
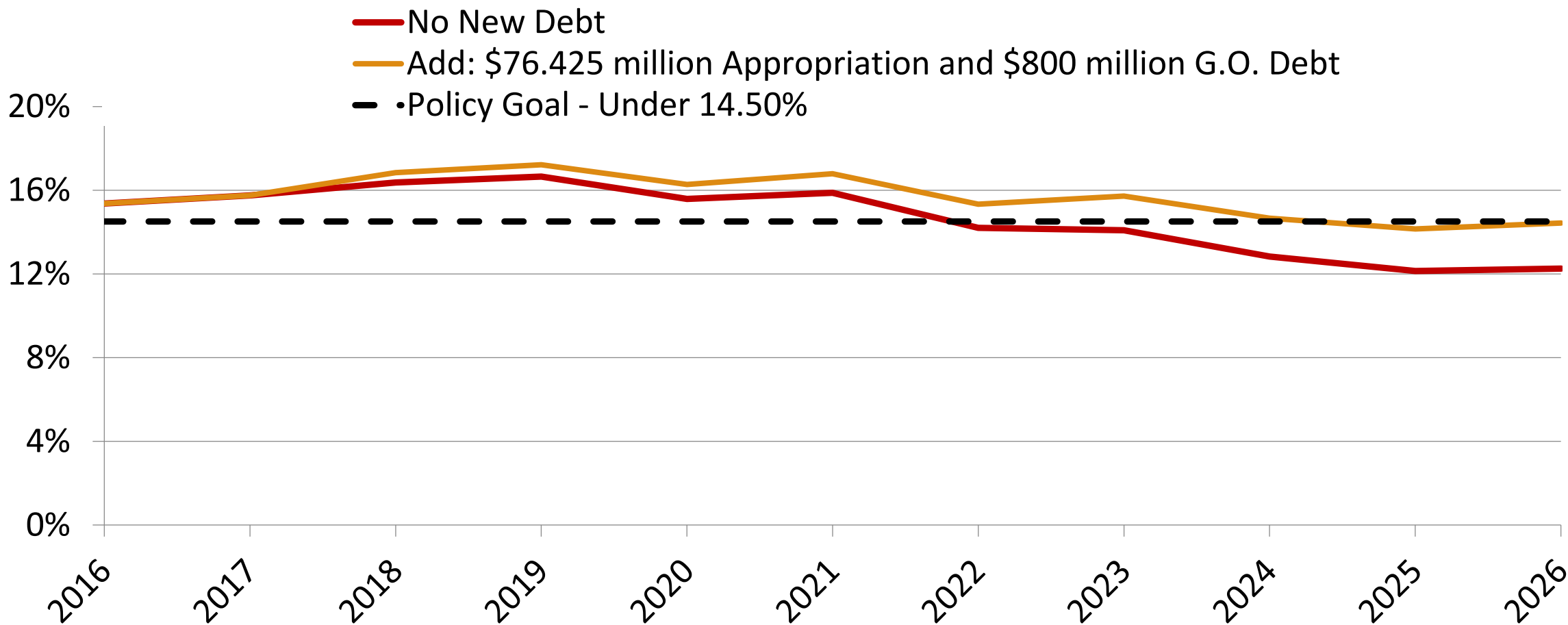 - Increase in debt profile

- **Downgrade Factors** - S&P 2016 Ratings Report
  - If the City does not maintain adequate or better financial performance and strong budgetary flexibility
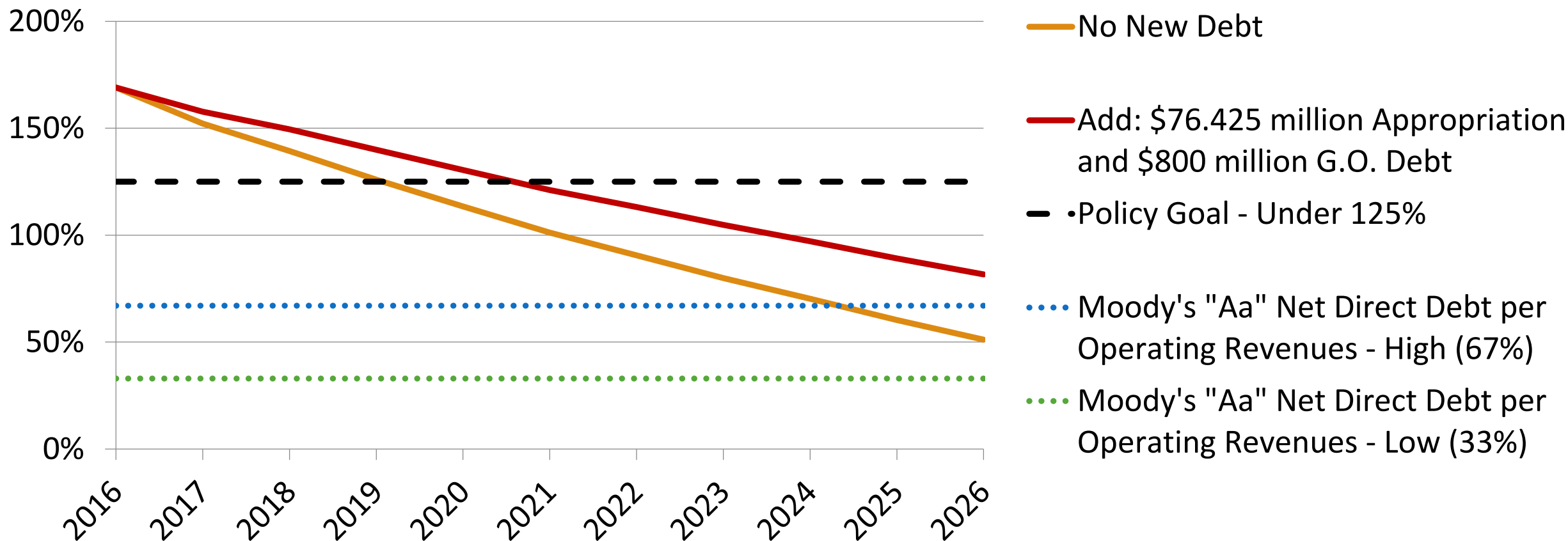
Debt Policy

○ Codified in Section 2-1990, Code of Ordinances

○ Last updated in 2007

○ Committee Substitute for Ordinance No. 160883 for City Council consideration on December 8, 2016

    ○ Finance and Governance Committee recommended "Do Pass"

    ○ Revisions include:

        ○ Clean up and reorganization

        ○ Debt issuance targets designed to show credit rating agencies that debt burden is high but is actively managed and affordable

Debt Service as a % of Governmental Activities Revenues

Legend:
- **No New Debt** (red line)
- **Add: $76.425 million Appropriation and $800 million G.O. Debt** (orange line)
- **Policy Goal - Under 14.50%** (black dashed line)

FY 2017 Governmental Activities Revenue based on budget with 2% growth beginning FY 2018. Debt Service as % of Total Governmental Funds Revenue (or as a % of expenditures) is not a published subfactor in Moody's Scorecard Methodology report published 7/24/2014.

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Debt as a % of Governmental Activities Revenues

Legend:
- No New Debt
- Add: $76.425 million Appropriation and $800 million G.O. Debt
- •Policy Goal - Under 125%
- Moody's "Aa" Net Direct Debt per Operating Revenues - High (67%)
- Moody's "Aa" Net Direct Debt per Operating Revenues - Low (33%)

FY 2017 Governmental Activities Revenue based on budget with 2% growth beginning FY 2018. Moody's data based on Scorecard Methodology published 7/24/2014.
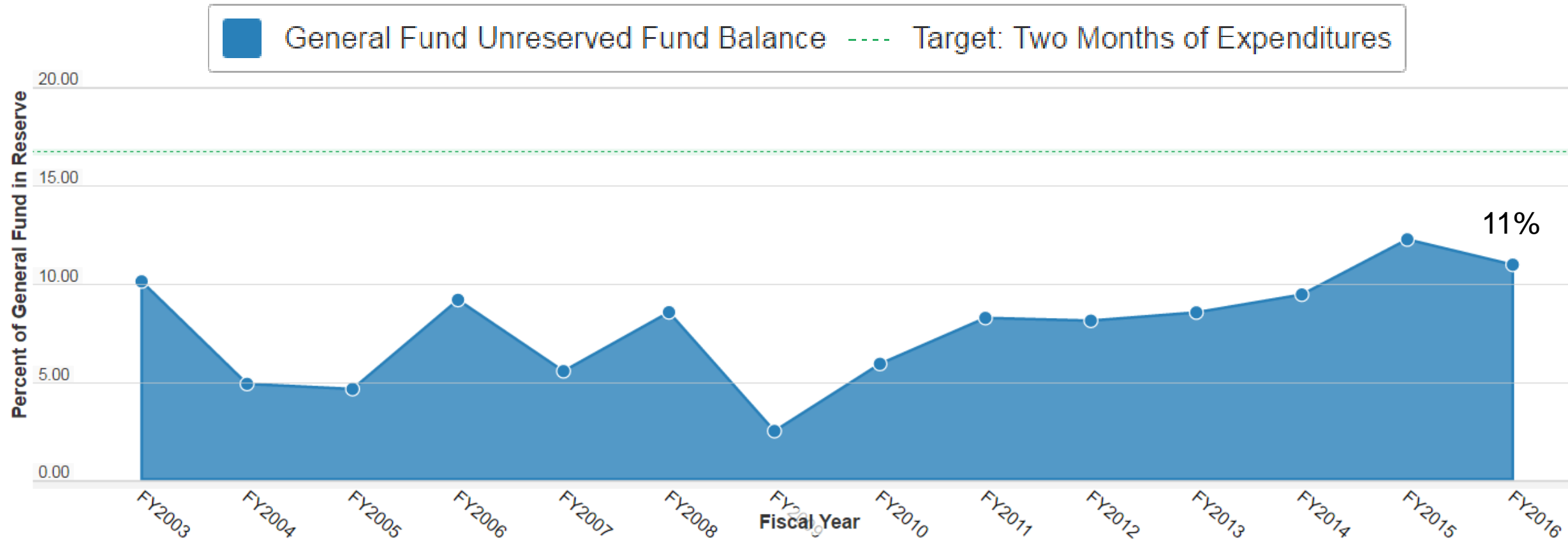
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Debt as a % of Full Value of Property
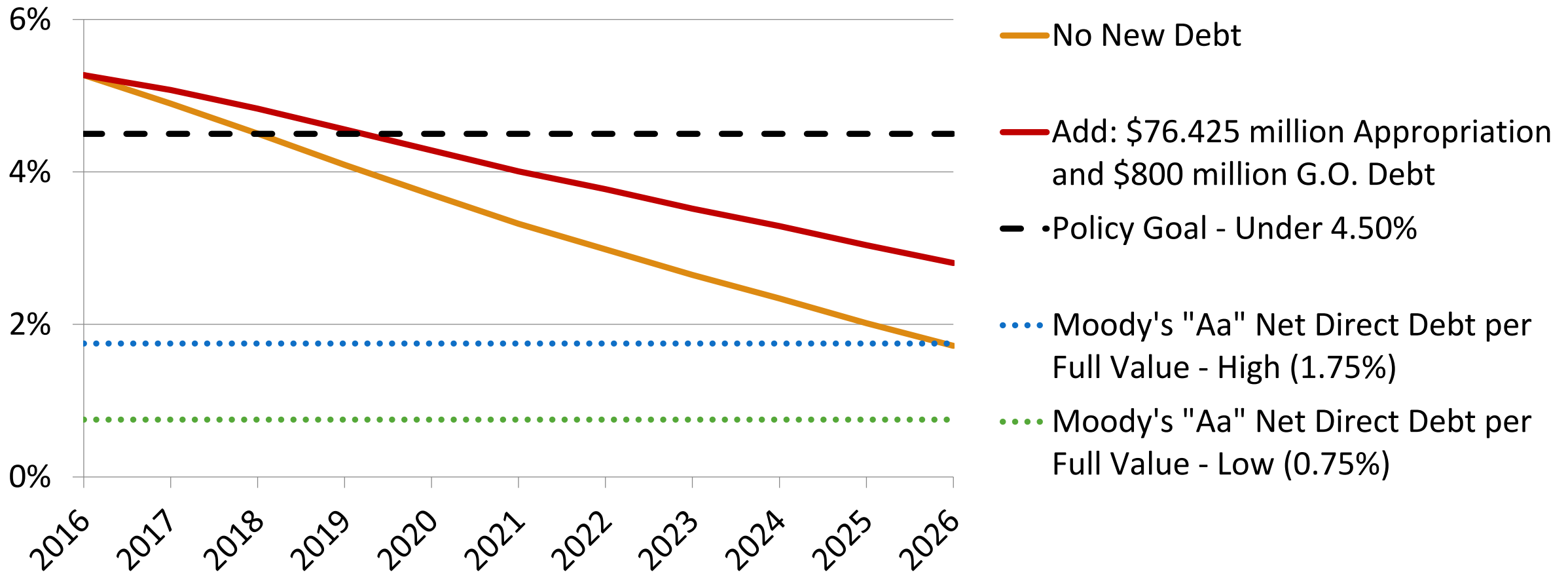
Debt as a % of full value assumes values to increase 1.50% annually beginning FY 2017.
Moody's data based on Scorecard Methodology published 7/24/2014.

Governmental Activities Debt Amortization
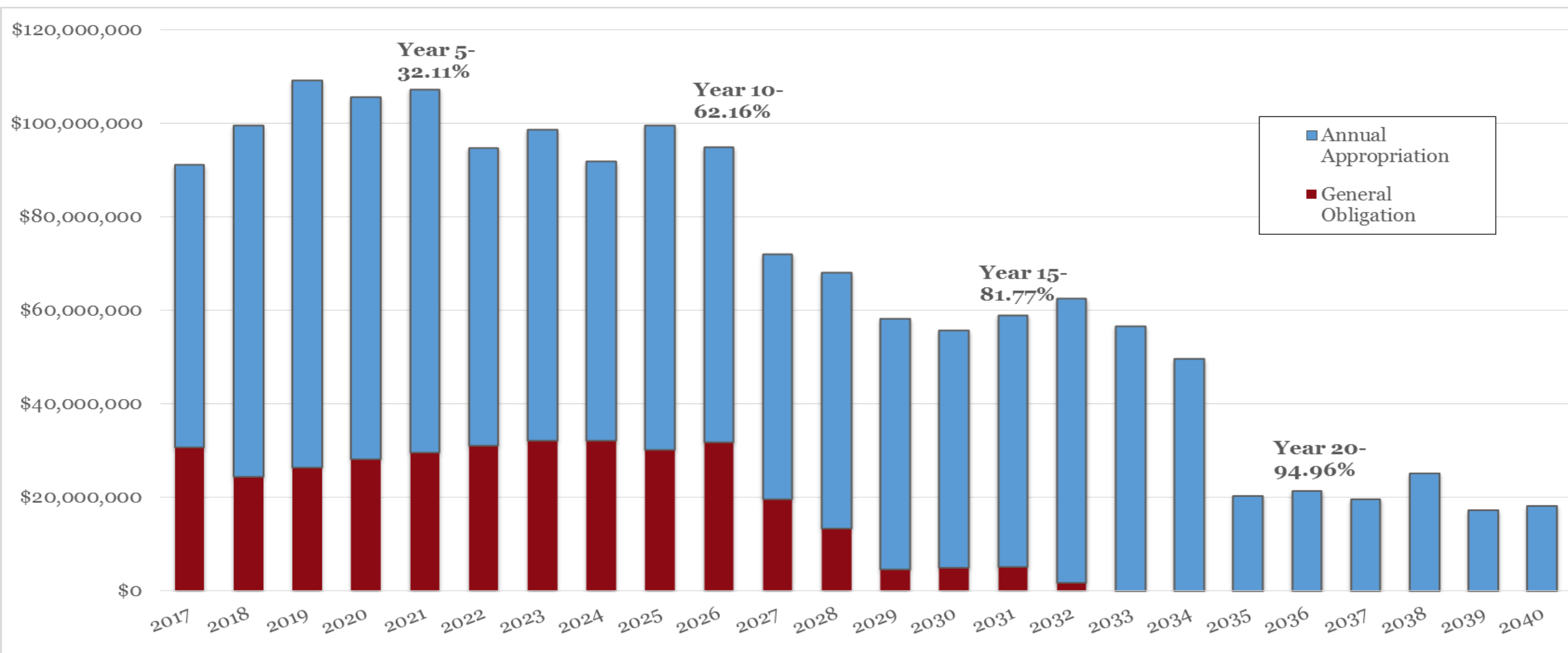
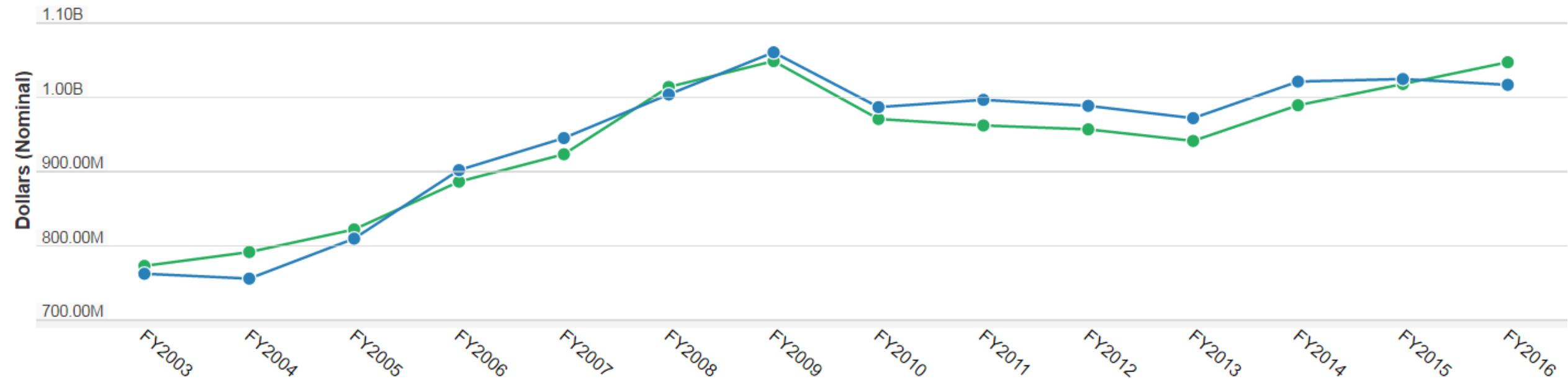*Source: Finance Department, Treasury Division*

General Fund Balance

Source: Finance Department (kcstat.kcmo.org)

General Fund Structural Balance

Legend:
- ■ (green) Revenue - Structural Balance - General, Special Revenue, and Capital Funds - Nominal Dollars
- ■ (blue) Expenditures - Structural Balance - General, Special Revenue, and Capital Funds - Nominal Dollars

Y-axis: Dollars (Nominal), ranging from 700.00M to 1.10B

X-axis: FY2003, FY2004, FY2005, FY2006, FY2007, FY2008, FY2009, FY2010, FY2011, FY2012, FY2013, FY2014, FY2015, FY2016

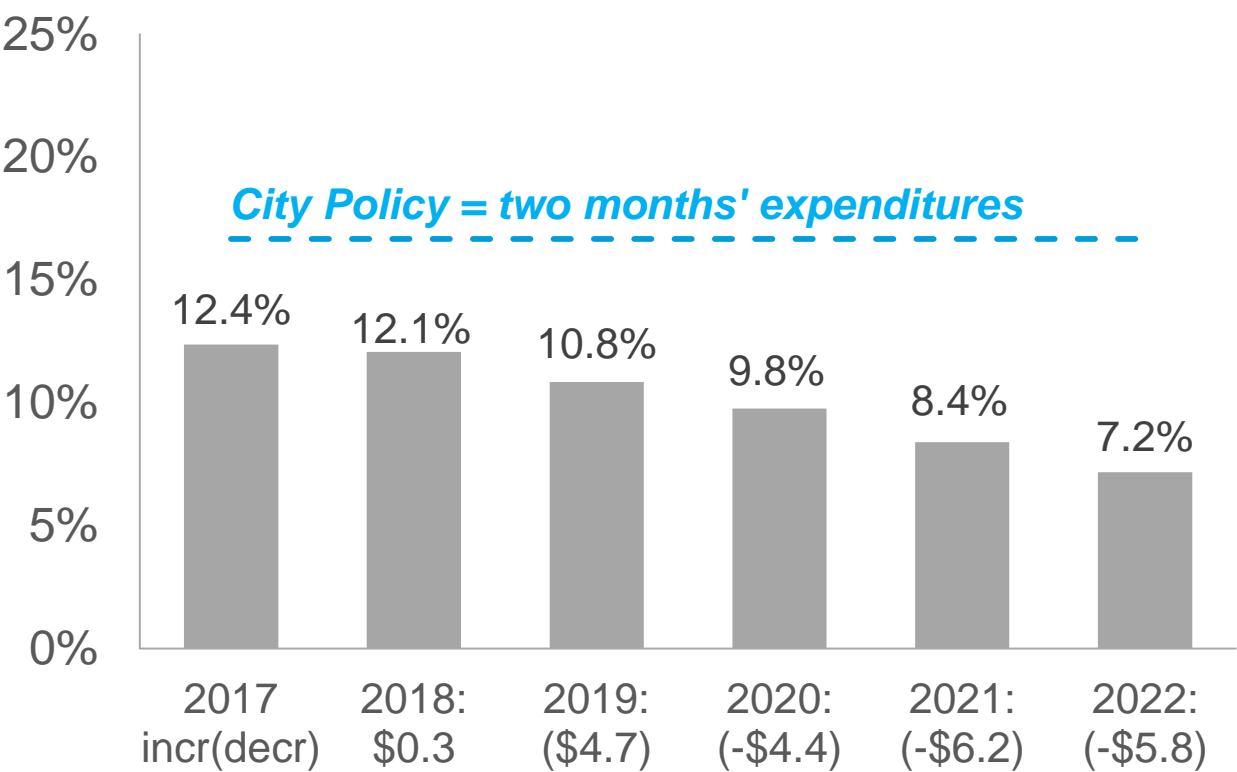*Source: Finance Department (kcstat.kcmo.org)*

Financial Plan Scenario Description: Baseline

- No new employees throughout the forecast period
- Employer contributions to health insurance increase 5% per year
- Pension contribution percentages to pension plans to reflect 2016 actuarial reports
- Includes negotiated and projected increases for Local 42, Local 500 and non-represented employees
- Assumes 2% budget growth for Police Department
- Includes estimated debt service in the General Fund for Linwood Shopping Center ($500,000 per fiscal year) and for PeopleSoft ($535,000) per fiscal year
- Ground Emergency Medical Transportation (GEMT) revenue phased in beginning in FY 2017-18 [$24,000,000 over five years]
- Continues citywide fleet replacement program *except* General Fund programs

Source: Finance Department, Budget Division

Reserves and Structural Balance: Baseline Scenario (Fiscal Years Ended 2018-2022 Financial Plan)

Baseline Scenario

Reserves - General Fund as a percent of operating expenditures

City Policy = two months' expenditures

2017 incr(decr)	2018: $0.3	2019: ($4.7)	2020: (-$4.4)	2021: (-$6.2)	2022: (-$5.8)
12.4%	12.1%	10.8%	9.8%	8.4%	7.2%

Baseline Scenario

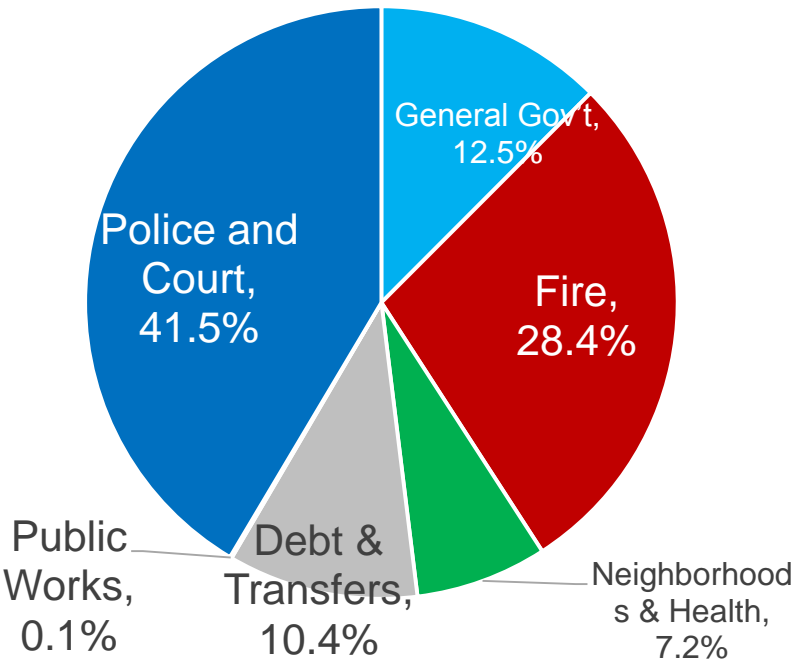### Structural Balance - General Fund (in millions)

Revenue — Expenditure
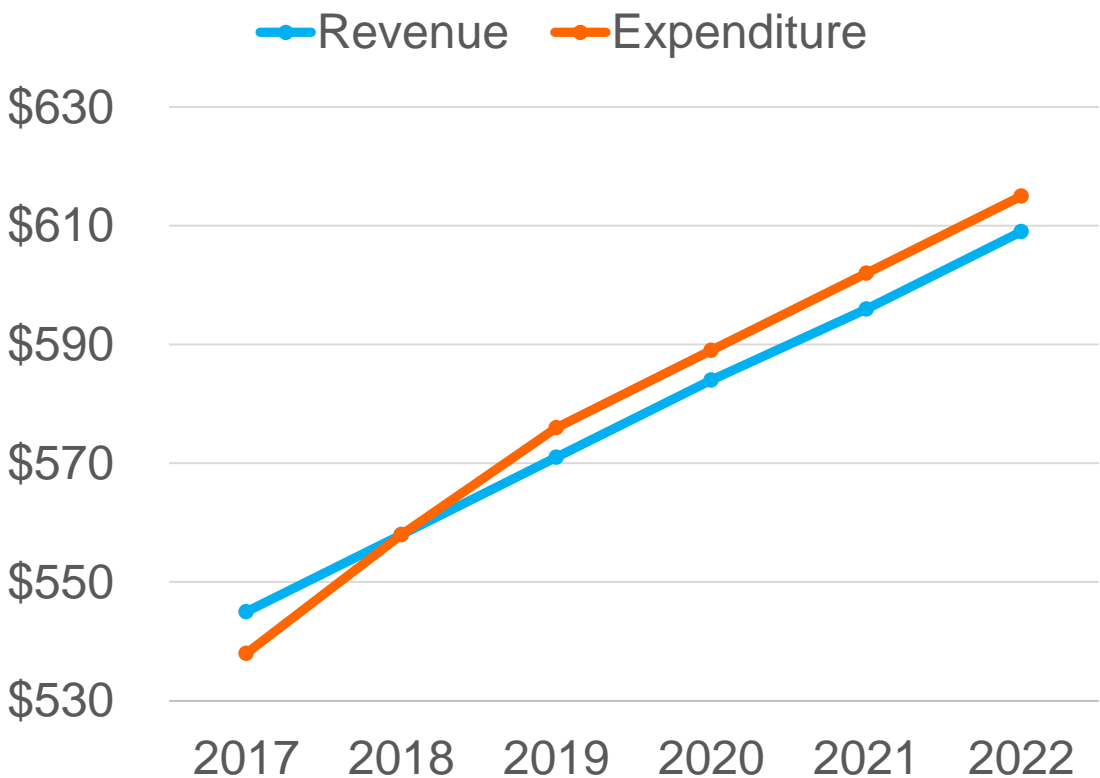
Source: Finance Department, Budget Division

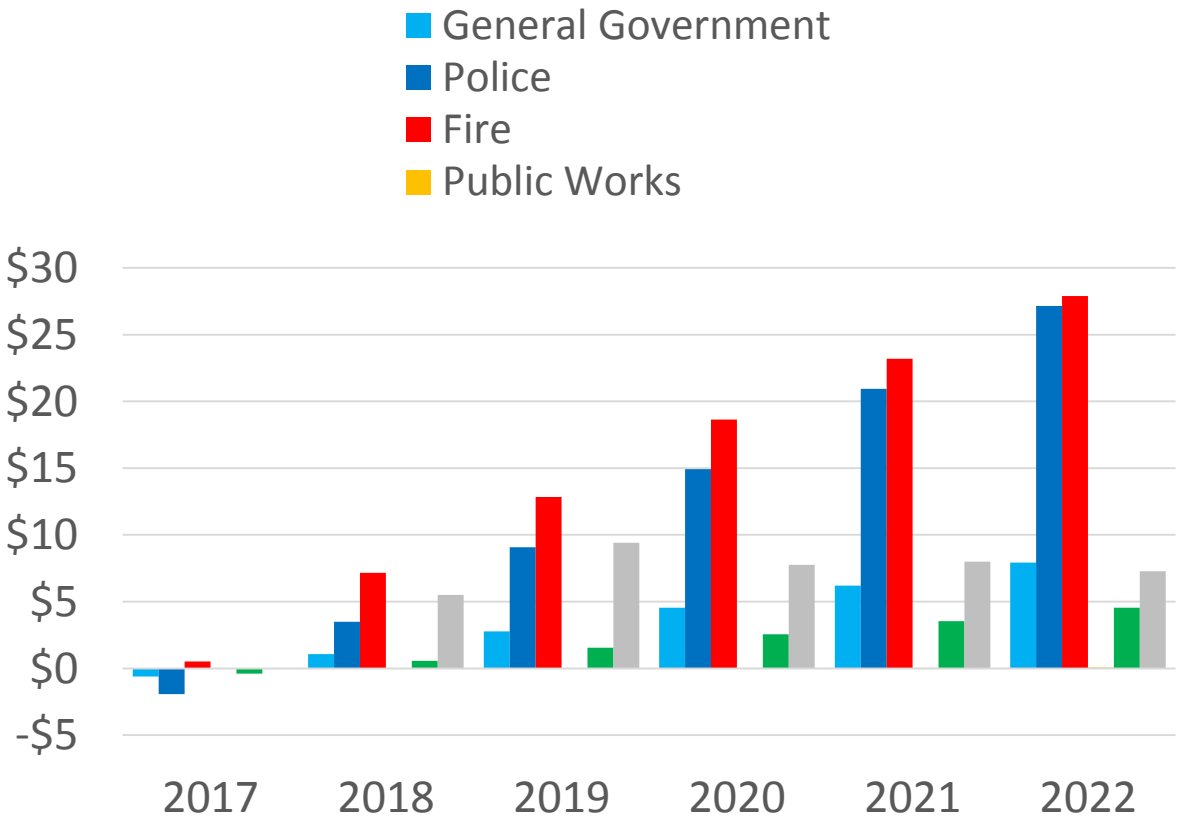# Expenditure Breakdown: Baseline Scenario (Fiscal Years Ended 2018-2022 Financial Plan)

Baseline Scenario

General Fund Expenses: 2022

- General Gov't, 12.5%
- Fire, 28.4%
- Neighborhoods & Health, 7.2%
- Debt & Transfers, 10.4%
- Public Works, 0.1%
- Police and Court, 41.5%

Baseline Scenario

General Fund Change from FY 2016-17 Adopted (in millions)

- General Government
- Police
- Fire
- Public Works

Source: Finance Department, Budget Division

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Financial Plan Scenario Description: Balanced

- Anticipated savings from refunding of KC LIVE debt service
  - $17.2 million over five years
- General Fund absorbs increased fire apparatus debt service
  - $10.8 million over five years
- Transfers additional $4.8 million over two years to Street Maintenance Fund [FY 2021 – 2022]
- Transfers $500,000 in Police equipment and facilities expenditures from General Fund to the Public Safety Sales Tax Fund
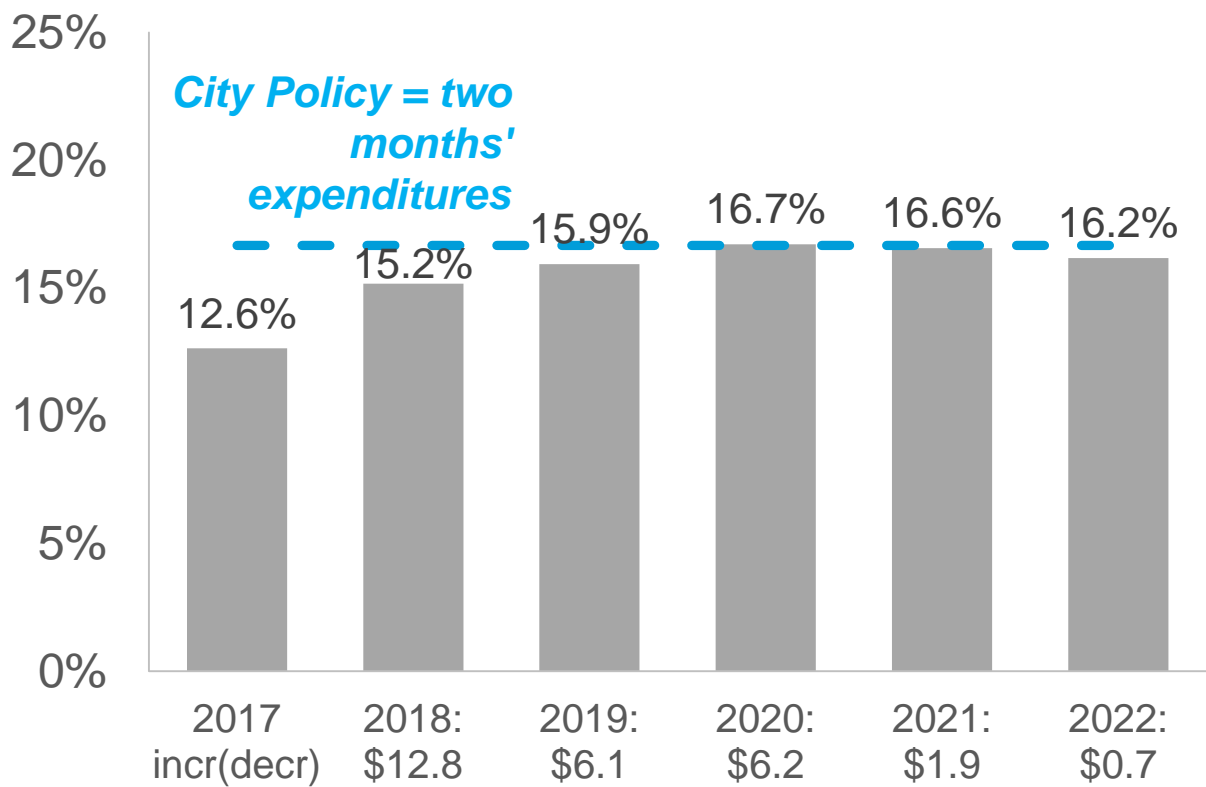
Source: Finance Department, Budget Division

Financial Plan Scenario Description: Balanced - Cont'd

- Reduces the growth of Kansas City Area Transportation Authority (KCATA) funding by $8.5 million over five years
- Assumes increased revenues or decreased expenditures to offset anticipated shortfall of $11.6 million per year, or $58 million over the forecast period – equivalent to approximately 170 non-public safety positions

Source: Finance Department, Budget Division

Reserves and Structural Balance: Balanced Scenario (Fiscal Years Ended 2018-2022 Financial Plan)

Balanced Scenario

**Reserves - General Fund
as a percent of operating expenditures**

City Policy = two months' expenditures

- 2017 incr(decr): 12.6%
- 2018: $12.8 — 15.2%
- 2019: $6.1 — 15.9%
- 2020: $6.2 — 16.7%
- 2021: $1.9 — 16.6%
- 2022: $0.7 — 16.2%

Balanced Scenario

**Structural Balance - General Fund
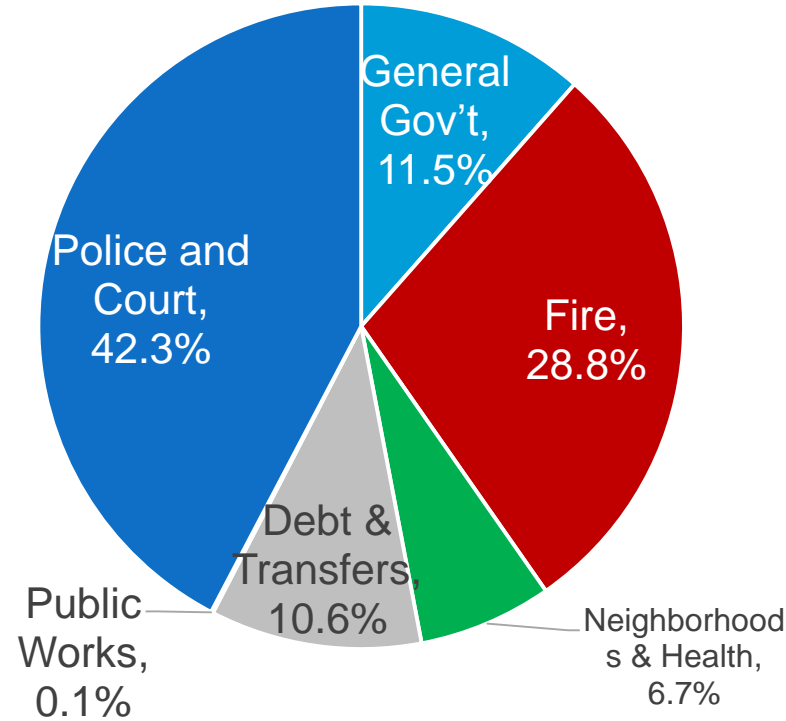(in millions)**

— Revenue — Expenditure
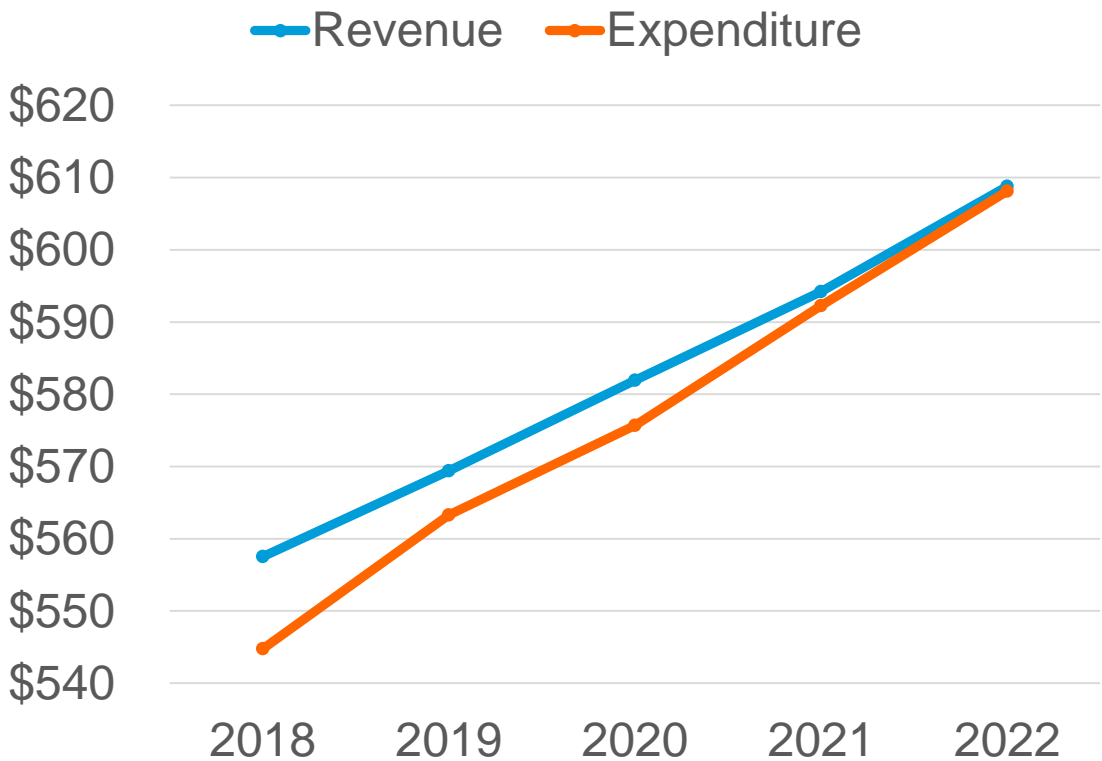
Source: Finance Department, Budget Division

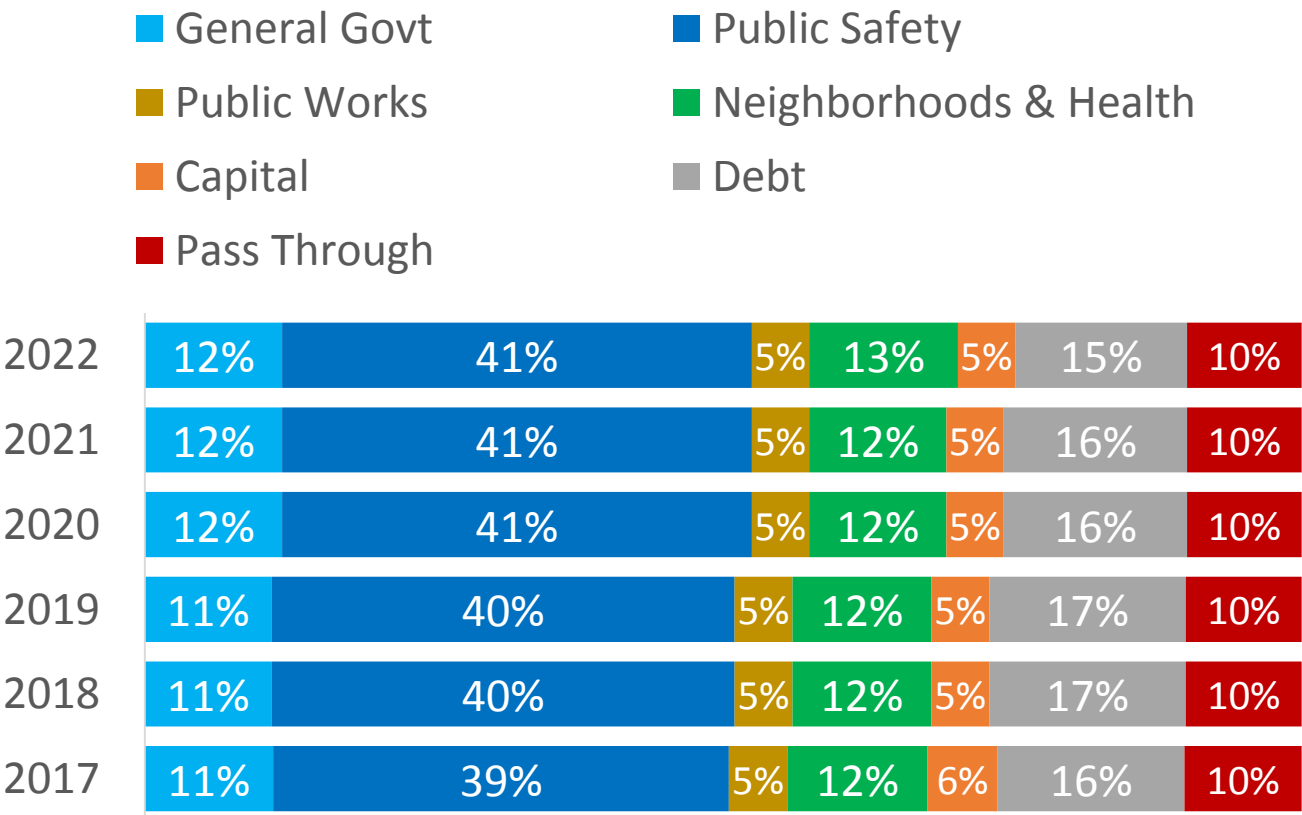# Expenditure Breakdown: Balanced Scenario (Fiscal Years Ended 2018-2022 Financial Plan)

Balanced Scenario

General Fund Expenses: 2022

Police and Court, 42.3%

General Gov't, 11.5%

Fire, 28.8%

Debt & Transfers, 10.6%

Public Works, 0.1%

Neighborhoods & Health, 6.7%

Balanced Scenario

ALLOCATION BY PROGRAM - GENERAL MUNICIPAL FUNDS

- General Govt
- Public Safety
- Public Works
- Neighborhoods & Health
- Capital
- Debt
- Pass Through

Year	General Govt	Public Safety	Public Works	Neighborhoods & Health	Capital	Debt	Pass Through
2022	12%	41%	5%	13%	5%	15%	10%
2021	12%	41%	5%	12%	5%	16%	10%
2020	12%	41%	5%	12%	5%	16%	10%
2019	11%	40%	5%	12%	5%	17%	10%
2018	11%	40%	5%	12%	5%	17%	10%
2017	11%	39%	5%	12%	6%	16%	10%

Source: Finance Department, Budget Division

Comparison between Projection and Actual (FY 2015-16 – Five Year Financial Plan)

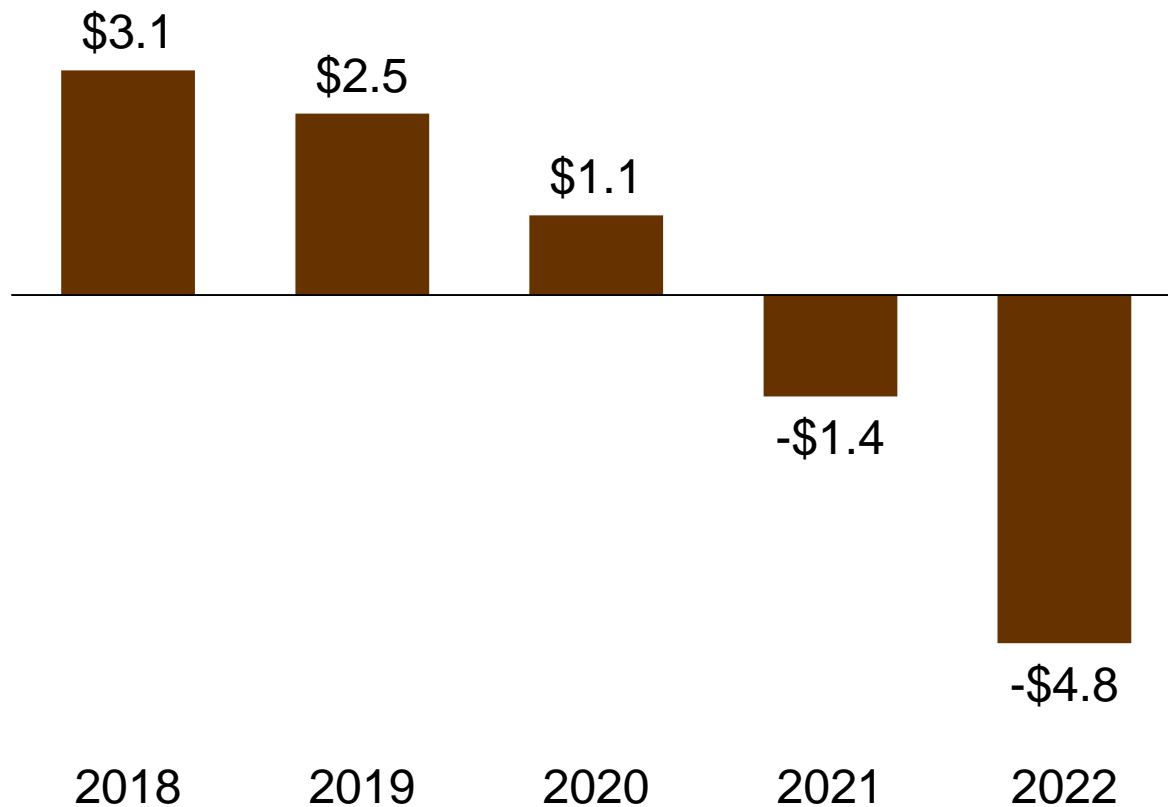|	Financial Plan FY 2015-16 Estimate	FY 2015-16 Actual	Variance
General Fund Revenues	$538,735,185	$532,063,180	(1.24%)
General Fund Expenditures by Program	$475,124,064	$478,850,051	0.78%
Total General Fund Expenditures	$533,214,052	$529,197,859	(0.75%)

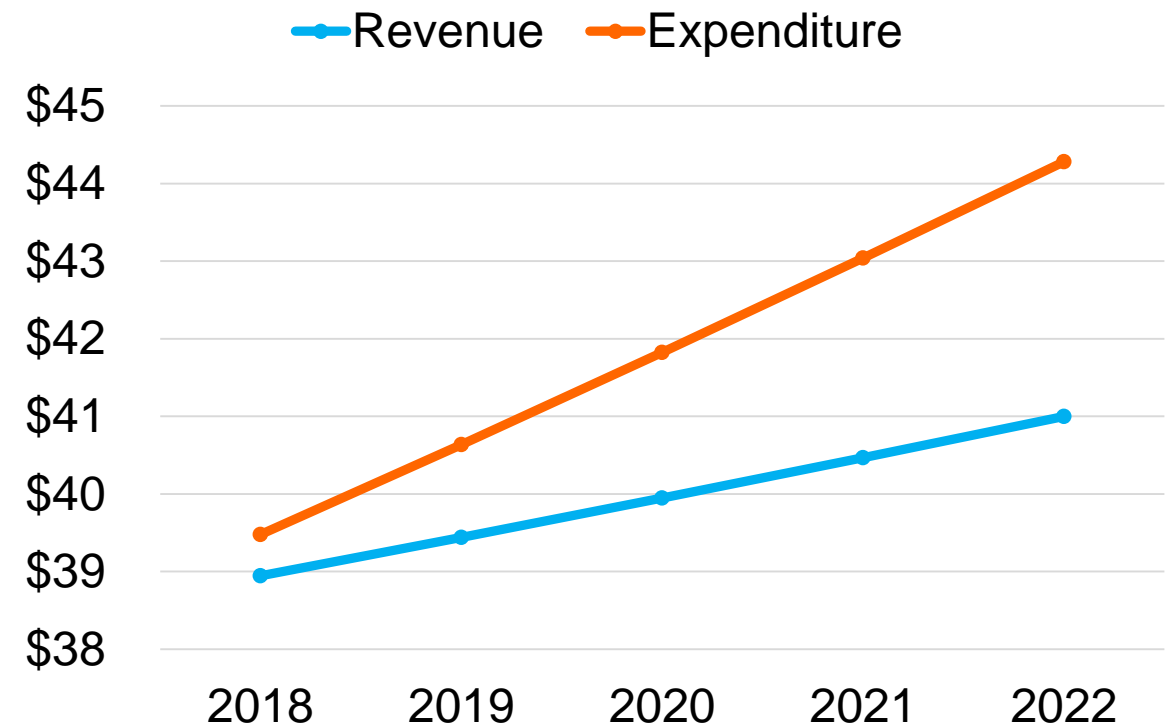*Source: Finance Department, Budget Division*

Objective 8

Incorporate special revenue funds into the Five-Year Financial Plan and ensure they are structurally balanced.
(2017)

Street Maintenance Fund
(Fiscal Years Ended 2018-2022 Financial Plan)

Reserves - Street Maintenance Fund (in millions)

- 2018: $3.1
- 2019: $2.5
- 2020: $1.1
- 2021: -$1.4
- 2022: -$4.8

Structural Balance - Street Maintenance Fund (in millions)

Revenue — Expenditure

Year	Revenue	Expenditure
2018	$38.9	$39.5
2019	$39.4	$40.6
2020	$39.9	$41.8
2021	$40.5	$43.0
2022	$41.0	$44.3

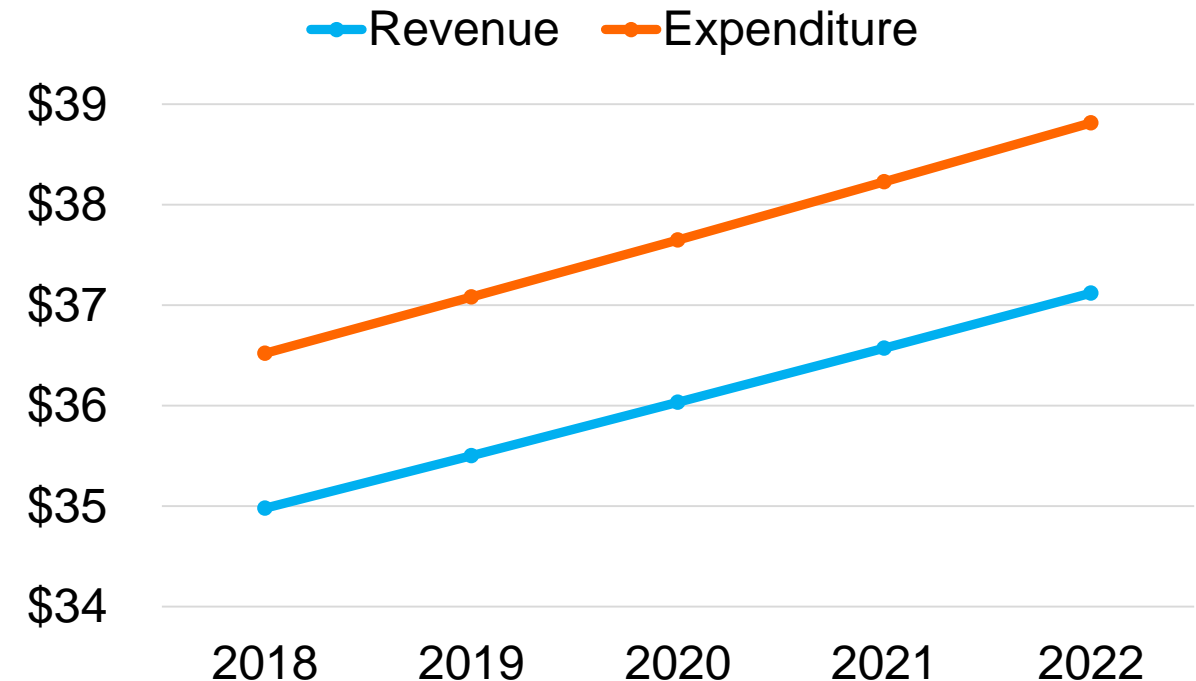*Source: Finance Department, Budget Division*

Public Mass Transportation Fund (Fiscal Years Ended 2018-2022 Financial Plan)

Reserves - Public Mass Transportation Fund (in millions)

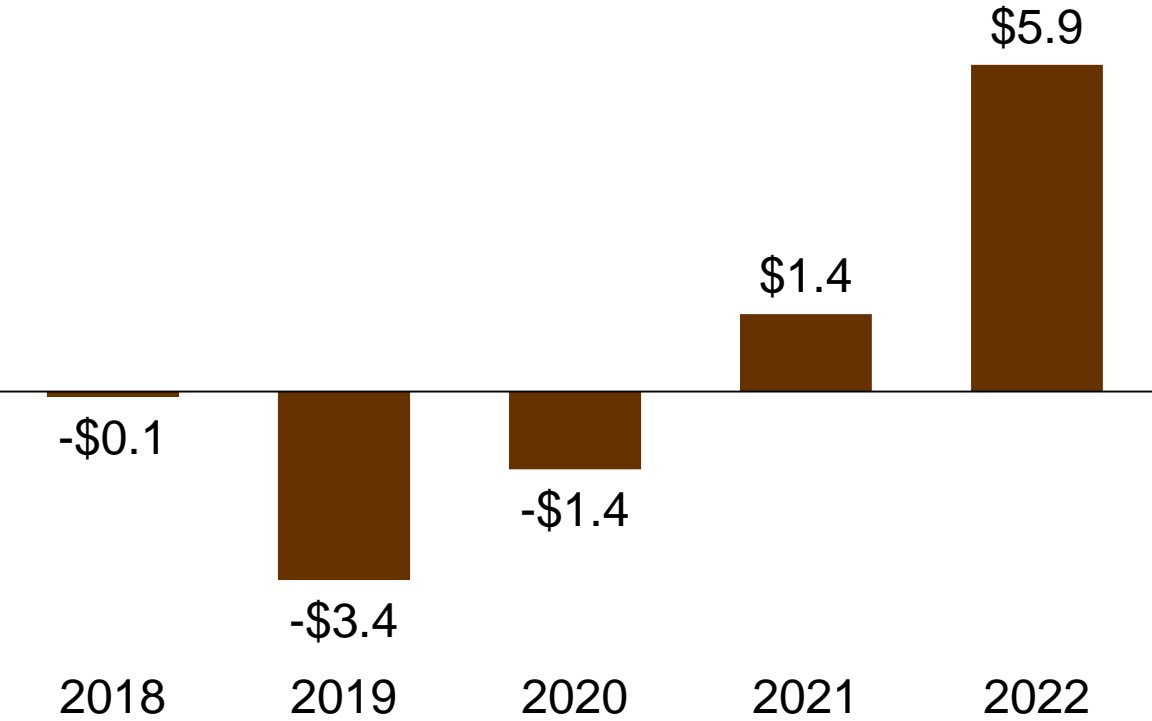| 2018	2019	2020	2021	2022
-$2.0	-$3.6	-$5.2	-$6.8	-$8.5
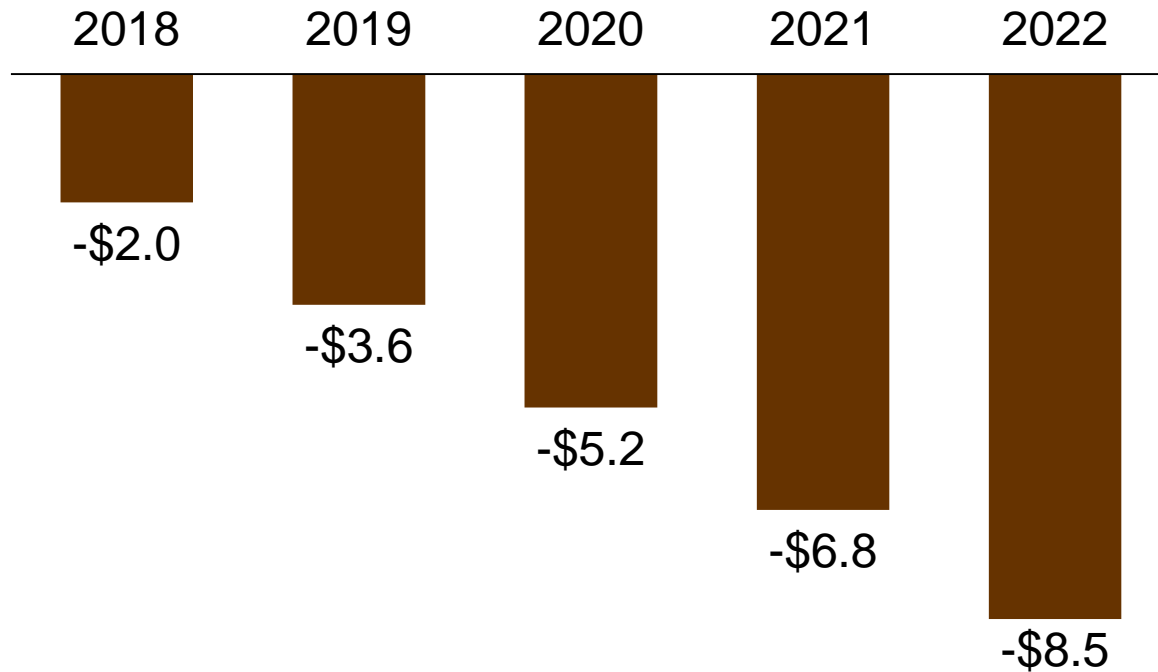
Structural Balance - Public Mass Transportation Fund (in millions)

Revenue — Expenditure

Source: Finance Department, Budget Division

Parking Garage Fund
(Fiscal Years Ended 2018-2022 Financial Plan)

Reserves - Parking Garage Fund (in millions)

- 2018: -$0.1
- 2019: -$3.4
- 2020: -$1.4
- 2021: $1.4
- 2022: $5.9

Structural Balance - Parking Garage Fund (in millions)

Revenue · Expenditure
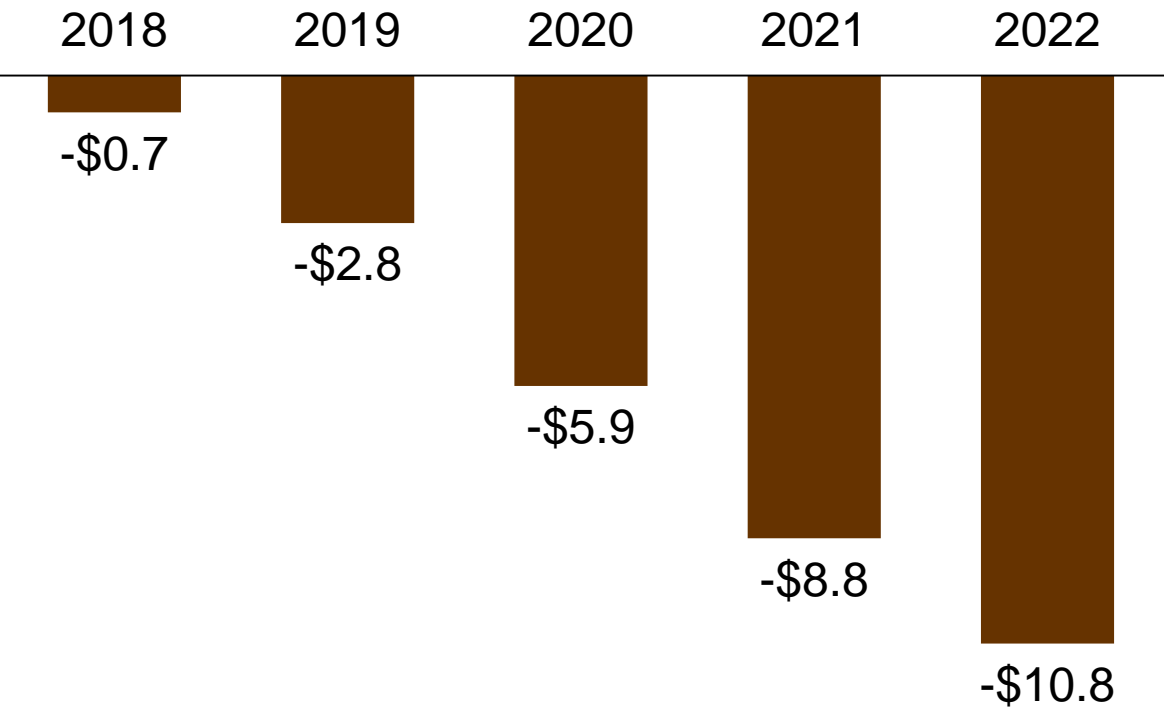
Source: Finance Department, Budget Division

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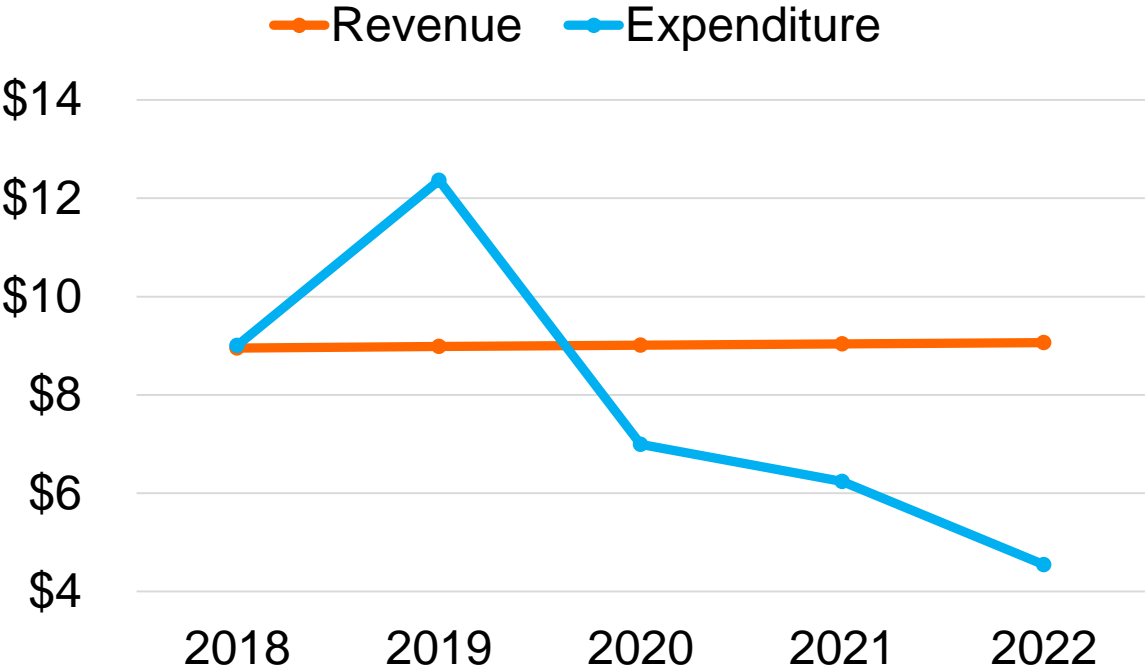
Fire Sales Tax Fund
(Fiscal Years Ended 2018-2022 Financial Plan)

Reserves - Fire Sales Tax Fund (in millions)

2018	2019	2020	2021	2022
-$0.7	-$2.8	-$5.9	-$8.8	-$10.8

Structural Balance - Fire Sales Tax Fund (in millions)
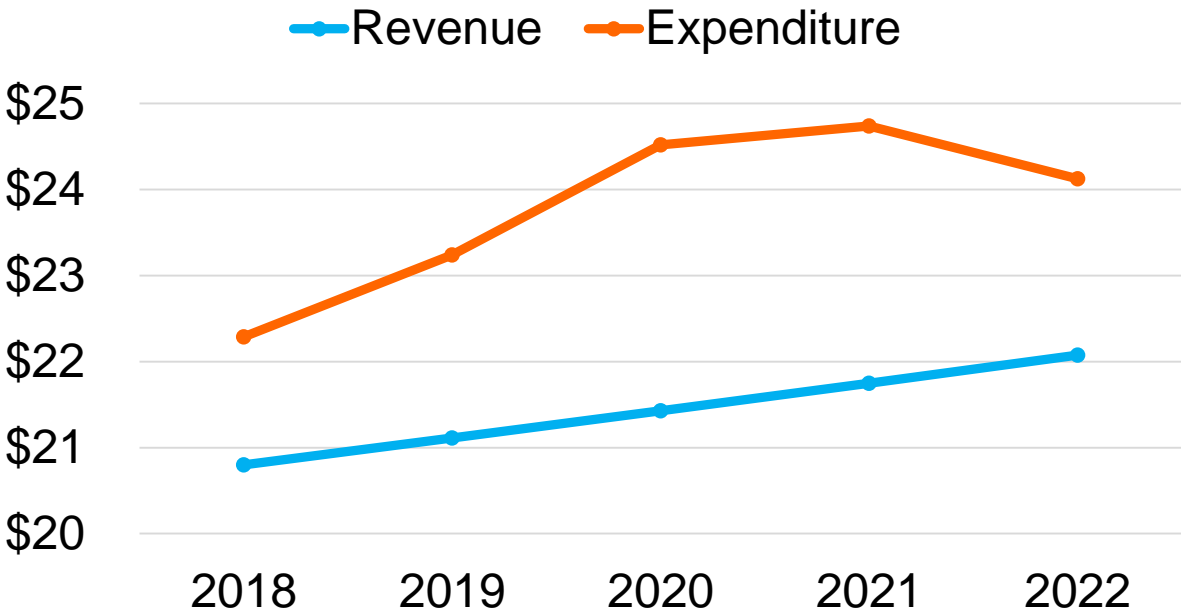
Source: Finance Department, Budget Division

Objective 7

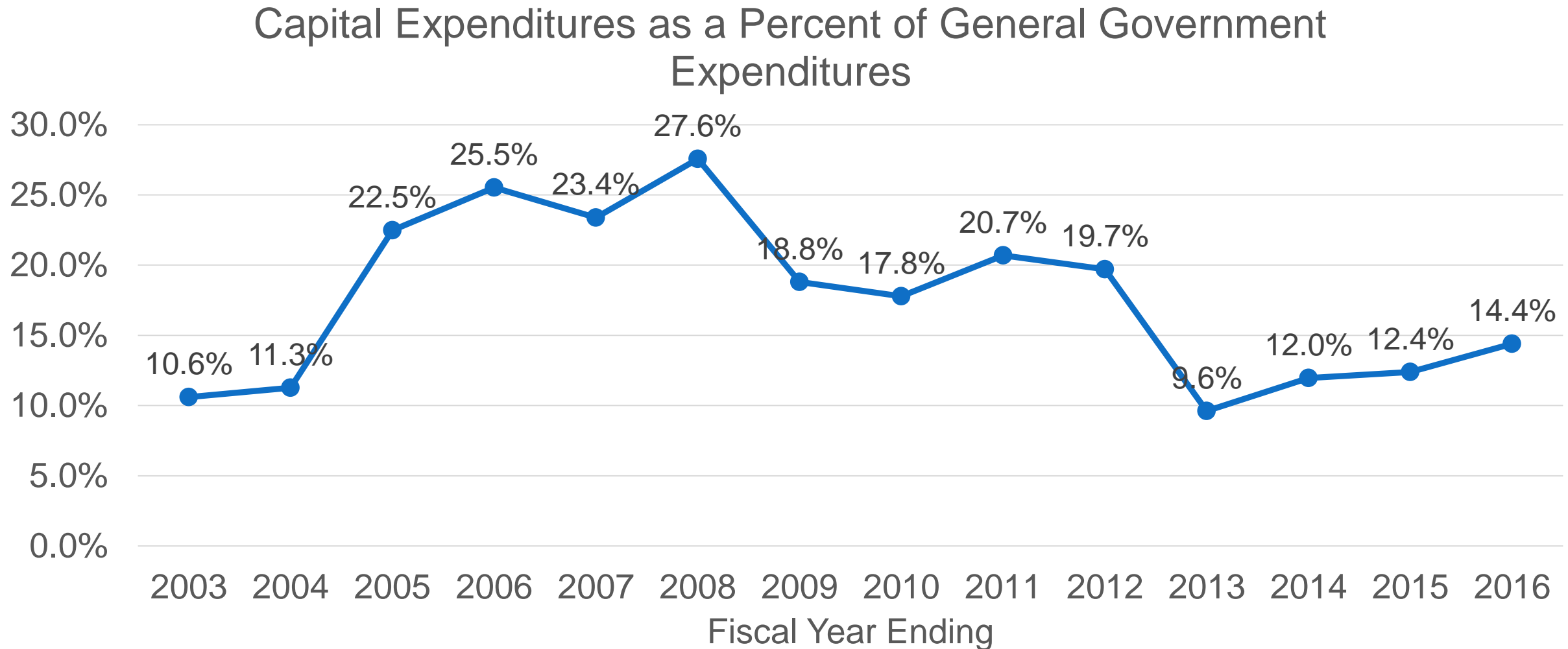Develop a comprehensive funding strategy for maintenance and capital improvements in conjunction with the renewal of the Capital Improvement Sales Tax and an up to $800 million General Obligation Bond authorization in April 2017. (December 2016)

Capital Expenditures Over Time

Capital Expenditures as a Percent of General Government Expenditures

Funding Strategy for Maintenance and Capital Improvements: April 2017 Ballot Request

- Ordinance Nos. 160876 and 160877
  - Renewal of one-cent capital improvement sales tax for capital maintenance
  - Authorization to issue $800 million in general obligation bonds to finance public infrastructure:
    - Streets
    - Bridges
    - Sidewalks
    - Flood Control
    - Parks
    - Public Buildings
  - Joint committee hearings – December 7 and 14
  - Last date for consideration to meet April ballot deadline – January 19
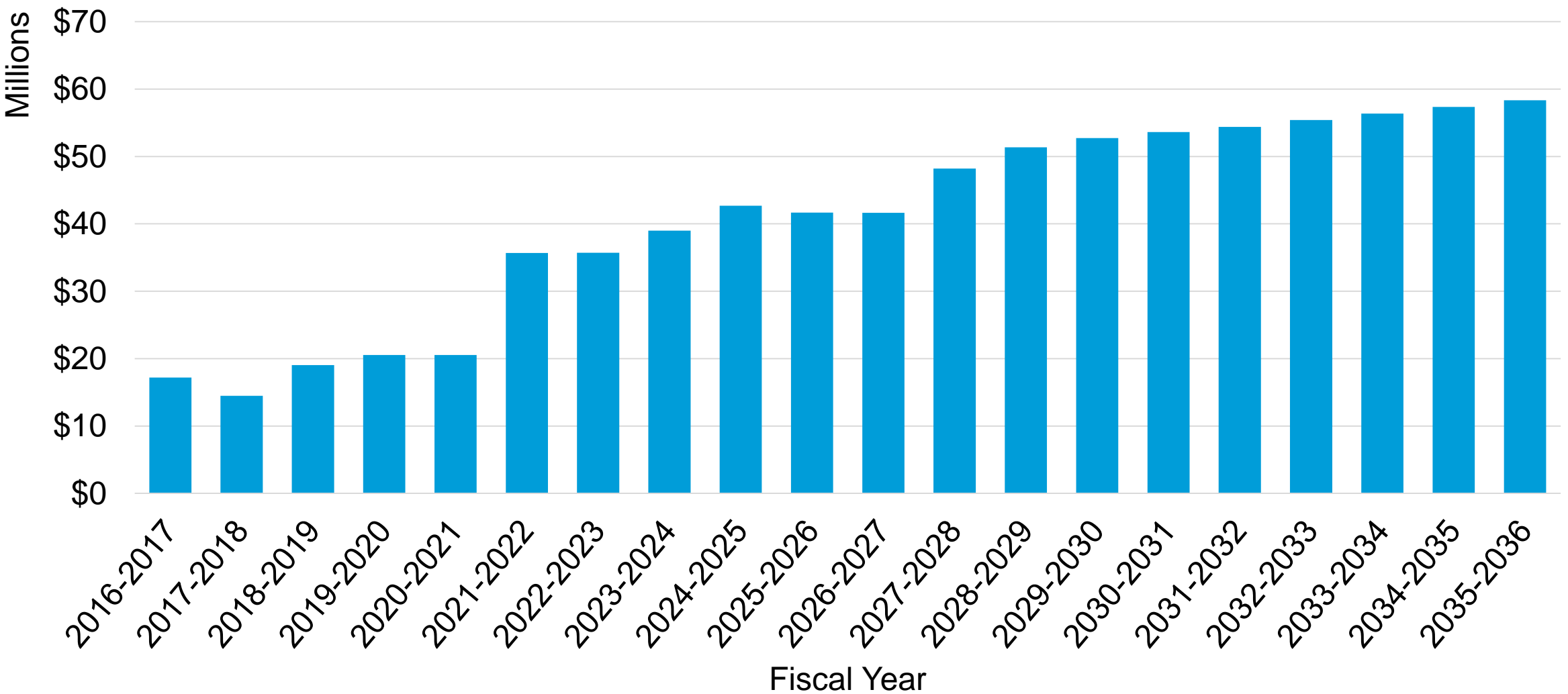
Objective 10

Develop a long-range plan in conjunction with collective bargaining groups to fully fund benefit programs including pension, healthcare and other post-employment benefits. (2021)

Pension Funding Ratios

Source: Finance Department (kcstat.kcmo.org)

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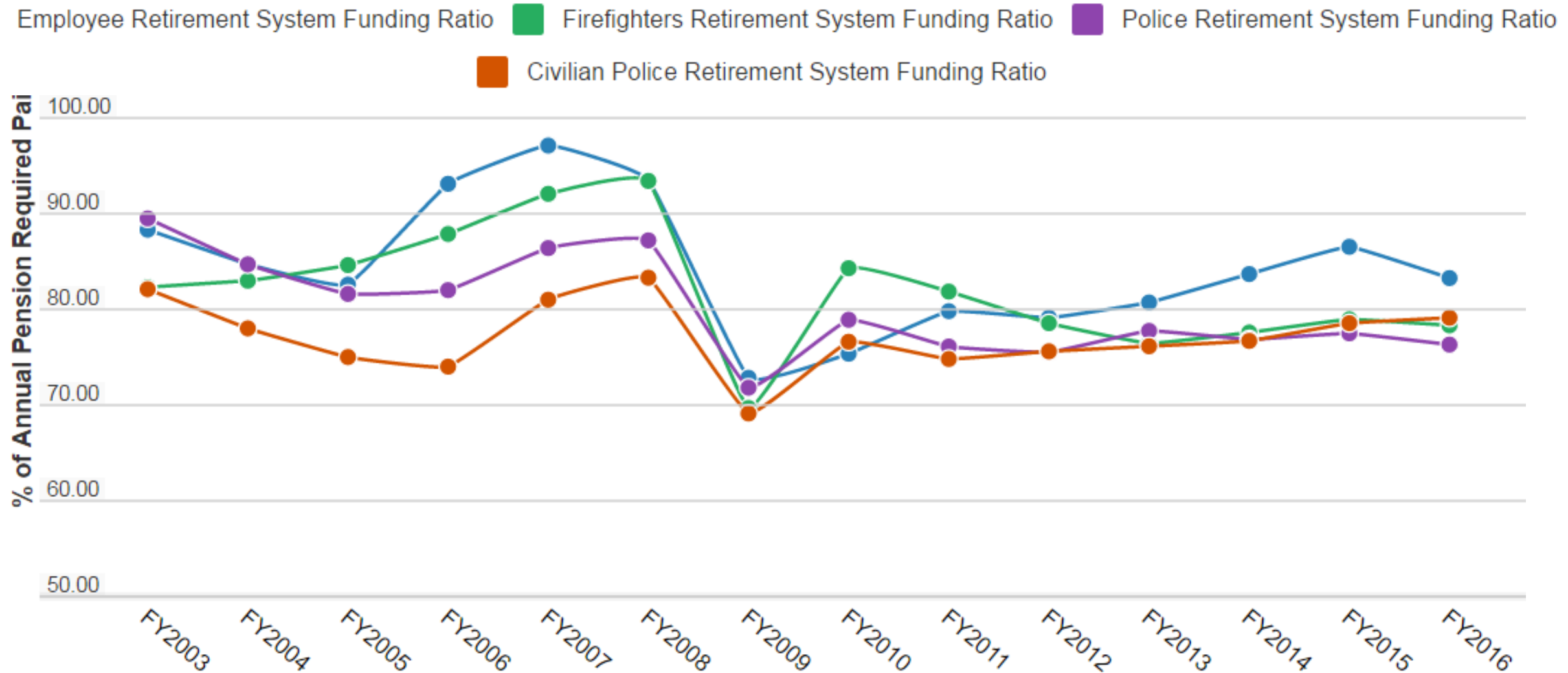
Several Methods For Assessing Pensions

- Actuarial basis
  - Employs smoothing
  - Fixed rate of return
  - Legal basis for budgeting and planning City's 100% funding obligation
- GASB 68 basis
  - New reporting standard
  - Market value
  - Rate of return may change depending on funded level of plan
- Moody's Adjusted Net Pension Liability
  - Separate calculation by Moody's to make governments comparable
  - Calculated liability is 3x that of City's reported liability – all governments in the same boat!

Pension Funding Policy

- Designed to get all four plans using similar assumptions for:
    - Amortization method
    - Asset smoothing
    - Experience studies
    - Investment returns
- Draft developed in conjunction with pension plan executive directors
- Pension boards will also review and comment
- Goal is to bring to City Council for adoption and codification within financial policy framework

Objective 2

Develop and deliver an organizational standard of administrative, governance and financial core competencies for employees by online training, including implementation of the Finance Training Academy in the spring of 2017. (Ongoing).

Finance Training Academy (FTA)

The KCMO Finance Department is in the process of developing the Finance Training Academy (FTA) to ensure that all employees who deal with any types of financial transactions receive uniform training to comply with financial policies and procedures.

City's Fiscal Officers

- The first series of FTA classes will be offered only to the City's Fiscal Officers and later expanded to include all personnel who perform financial functions.
- Expected to begin in April 2017.
- For certain topics will include refresher courses through ThinkZoom, the City's online training platform.

The game plan:

- Refining list of courses
- Selecting and training course instructors
- Working with Human Resources – Education and Development Division to ensure courses are well-designed, highly participatory, and meet learners' needs

Operational Efficiency

10.8M

annual expenditures on workers compensation claims and settlements

measuring

Detail ❯

Governance

Objective 4

Implement policies and procedures, including fit for duty, transitional duty, functional job studies, fraud prevention, and enhanced safety training for employees (May 2018), and implement new litigation strategies that reduce risks and reduce exposure to potential accidents by residents and visitors. (May 2019)

Total Spending on Workers Compensation Claims and Settlements

10,846,413 annual expenditures on workers compensation claims and settlements
Current as of Jun 2016

Measuring
Hide chart

Current
10,846,413 annual expenditures on workers compensation claims and settlements

Start
7,219,433 annual expenditures on workers compensation claims and settlements

Source: General Services Department, Worker Safety/Risk Management Division (kcstat.kcmo.org)

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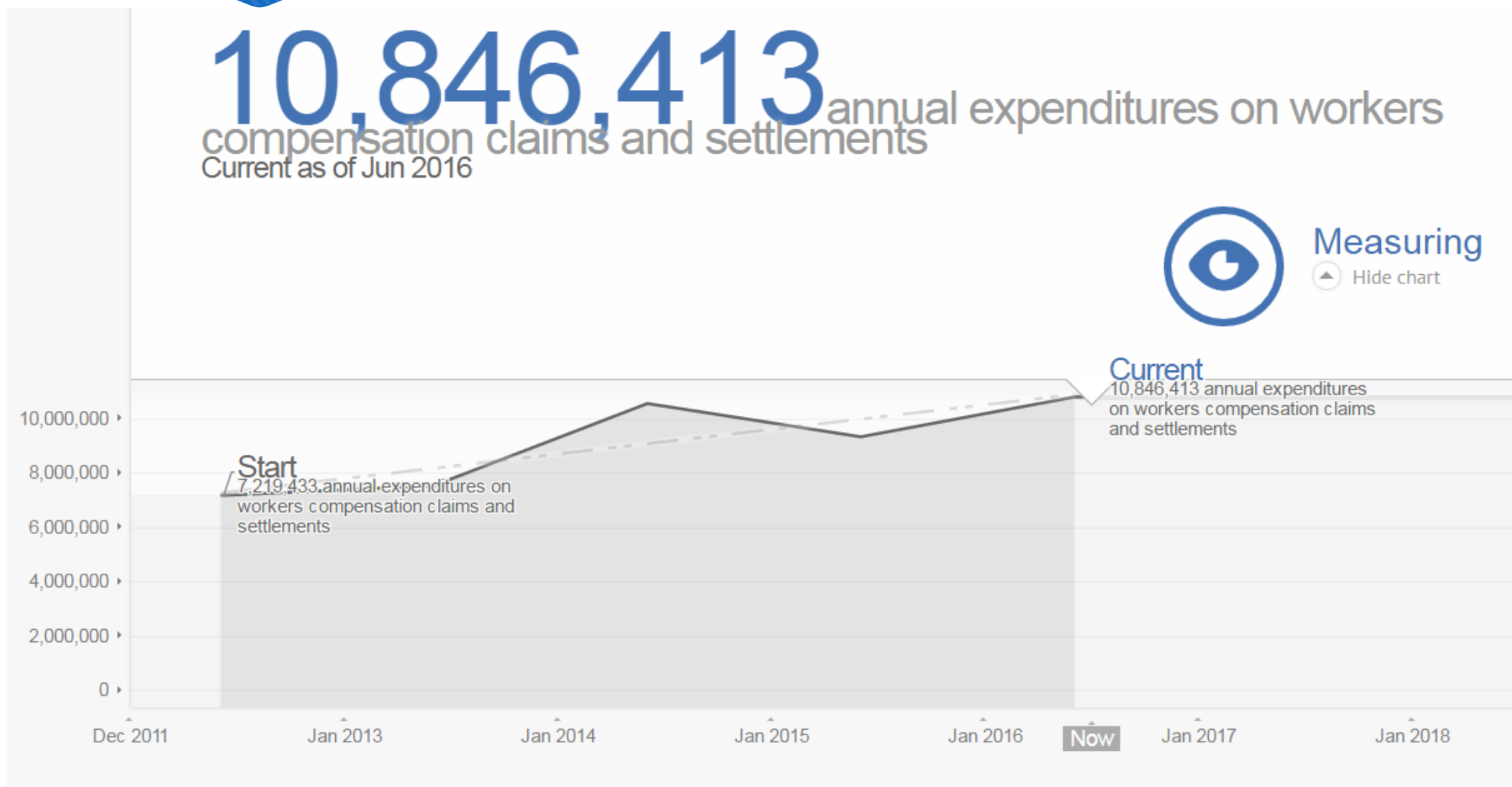
Workers Compensation: Number of Claims

9% decrease in claims from FY15 to FY16

FY17 includes claims reported through 12/3/16

Source: General Services Department, Worker Safety/Risk Management Division (kcstat.kcmo.org)
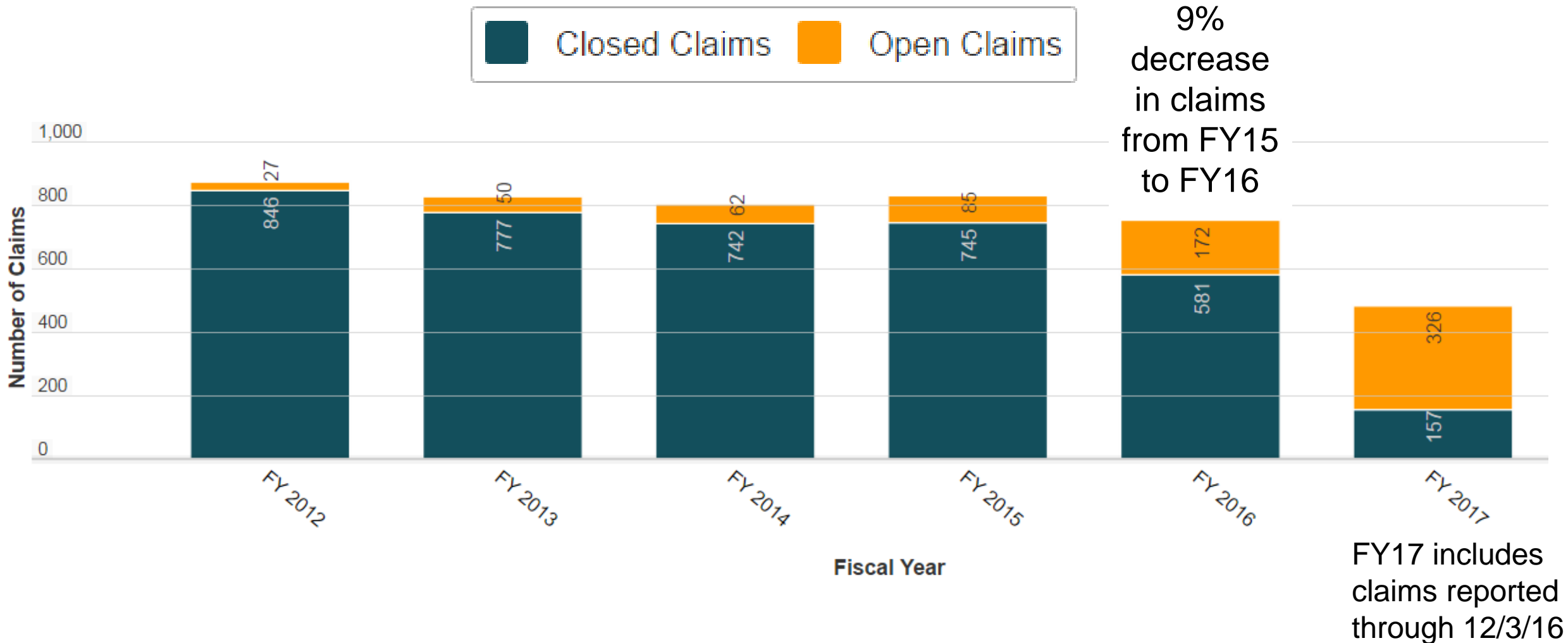
Workers Compensation: Cost per Claim

Average Cost per Claim

FY 2012	$11,406.00
FY 2013	$12,666.00
FY 2014	$14,671.00
FY 2015	$12,362.00
FY 2016	$14,947.00
FY 2017	$12,884.00
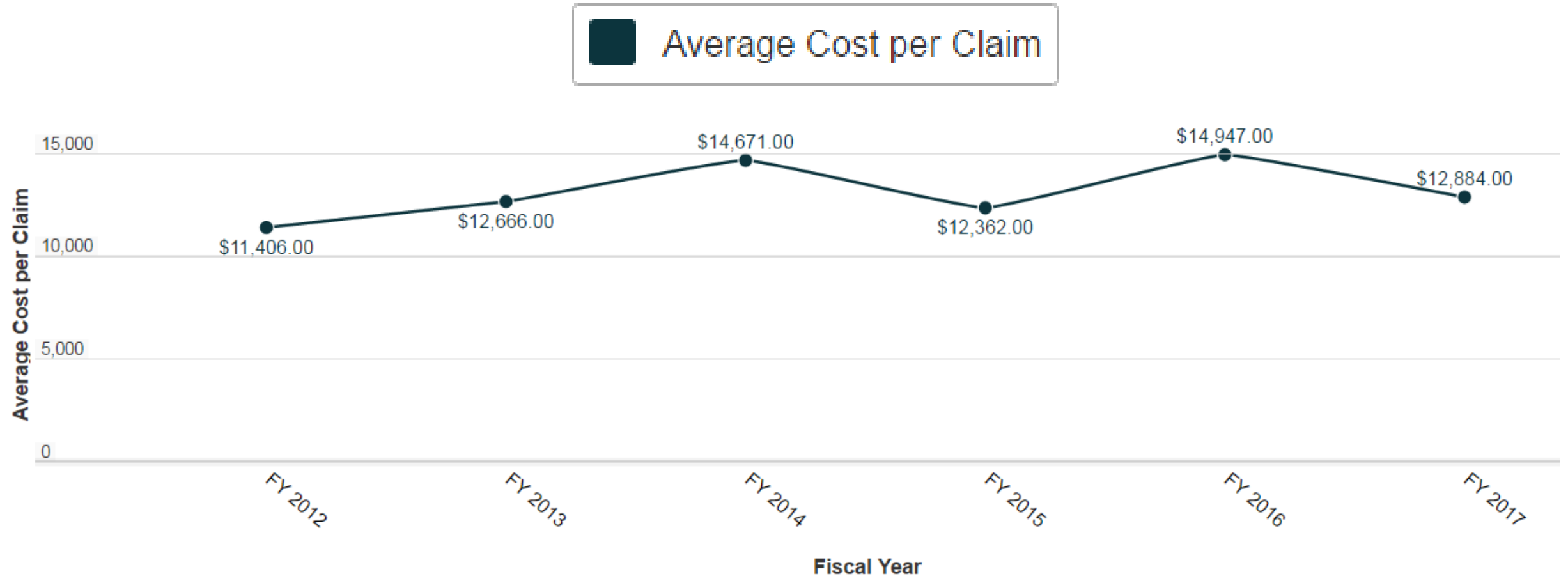
Average Cost per Claim Benchmark for Local Governments: $4,800.00

Source: General Services Department, Worker Safety/Risk Management Division and Thomas McGee (kcstat.kcmo.org)

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Implementation of a Best Practice Workers Compensation Program

Nurse Care Line
- Best Practice #1: Up and running

Transitional Duty Program
- Best Practice #2: Up and running

Functional job studies/Fit for duty
- Best Practice #3: Underway

Fraud Prevention
- Best Practice #4: Ready for implementation

Education and training
- Ethics Hotline
- Use of surveillance when appropriate

Enhanced safety training
- Multiple safety training courses are provided, including Smith System Advanced Defensive Driving Training and Flagger Work Zone Training

Risk Reduction
- DriveCam Program Coaches have helped reduce cellphone use by 28%, driver unbelted by 27%, and collisions by 6%

Transitional Duty and Temporary Total Disability

Temporary Total Disability (TTD) Expenditures
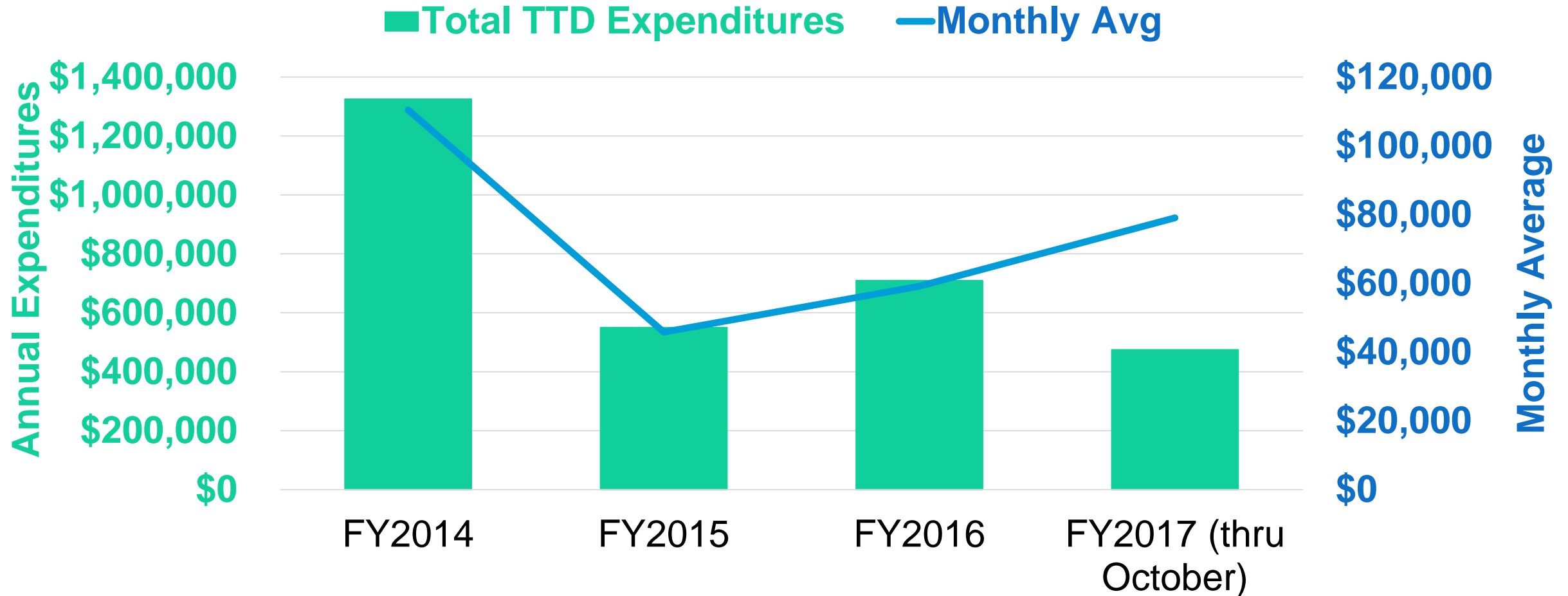
■ **Total TTD Expenditures** ── **Monthly Avg**

Source: General Services Department, Worker Safety/Risk Management Division

Nurse Care Line Usage

Legend: Injury Report (Paper-Based) ■ Nurse Care Line Report

	FY 2014	FY 2015	FY 2016	FY 2017 (thru Nov 2016)
Injury Report (Paper-Based)	1256	1340	660	71
Nurse Care Line Report			528	652
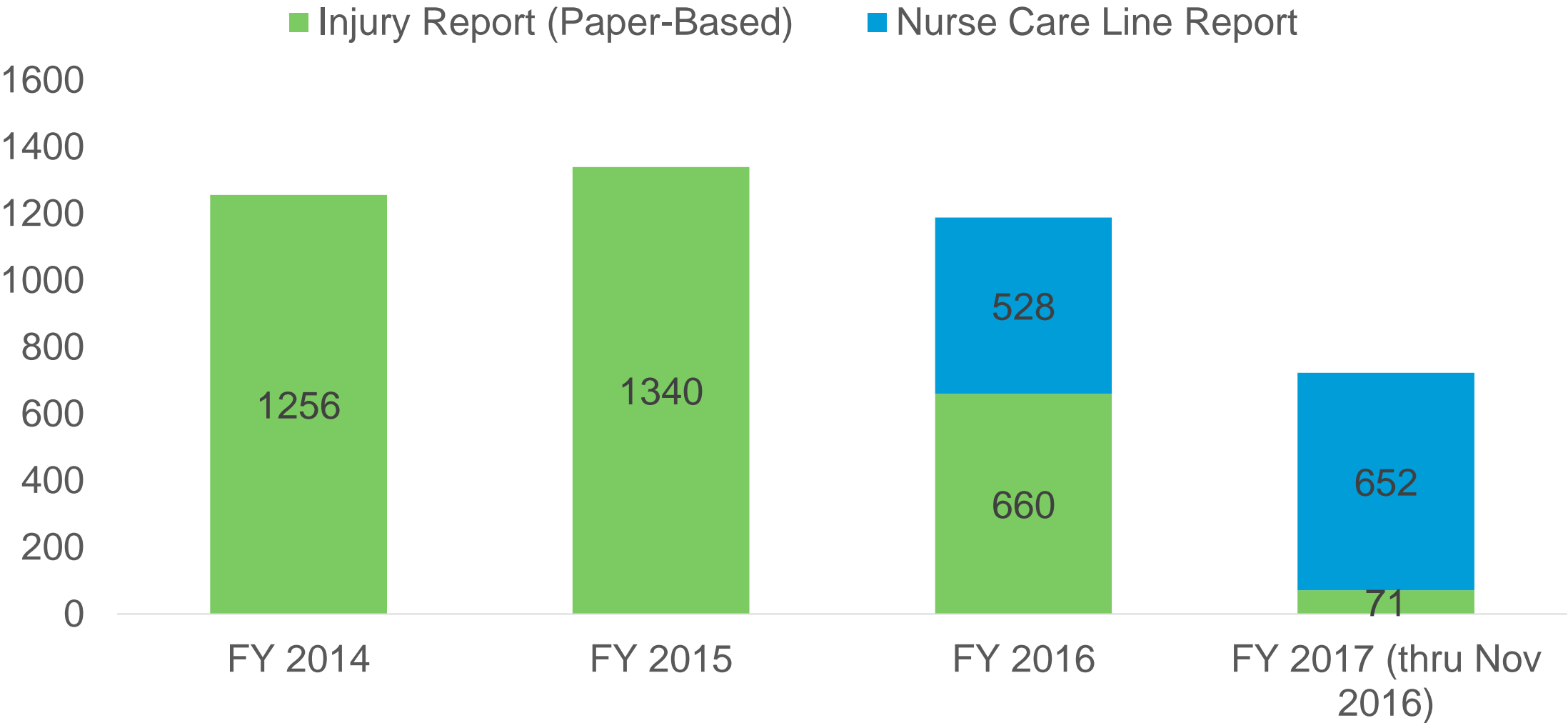
Source: General Services Department, Worker Safety/Risk Management Division

Functional Job Studies/Fit For Duty

○ A program that has yet to be formally launched which is designed to ensure that work tasks are assigned only to those who are physically capable of performing the work.

○ To date there have been 82 functional job studies performed and functional job descriptions created.

○ These job descriptions are objective and verified measures of the physical demands required of each job.

○ The program involves **post offer pre-employment** physical examination by a medical professional to determine if an individual can safely perform the tasks that make up a job.

○ Physical exams will also be used on a **post injury** basis for current employees to determine if after recovery they continue to possess the physical ability to perform the required tasks of their job

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Worker Safety Initiatives: Current

- The DriveCam rollout continues:
  - **493** Event recorders installed to date Citywide
  - **292** Event recorders were installed in Public Works fleet in January 2016 showed an ROI in 5 months
  - Additional **336** scheduled for installation: Neighborhoods, Aviation, Water Services
- Track Access Training for KC Streetcar Line continues on an annual rotation
- Active Shooter Drills and training classes were held at Municipal Court and Water Services' offices on 63rd Street to help prepare staff to protect themselves and customers
  - ElevateKC Employee Survey showed an **8% increase** from 2014 (69%) to 2016 (77%) in employees who said that they felt prepared to take actions in the event of an emergency

Source: General Services Department, Worker Safety/Risk Management Division

DriveCam

- Coaching on driving behavior –
    - Agreement between supervisors & employees
    - Reductions in risky behaviors
        - Outstanding Drivers - Enhances KCMO's reputation
        - New habits go home at the end of the day!
- Exonerations
- Reductions in Non-Targeted Repairs
  Fuel Use, Workers' Compensation claims
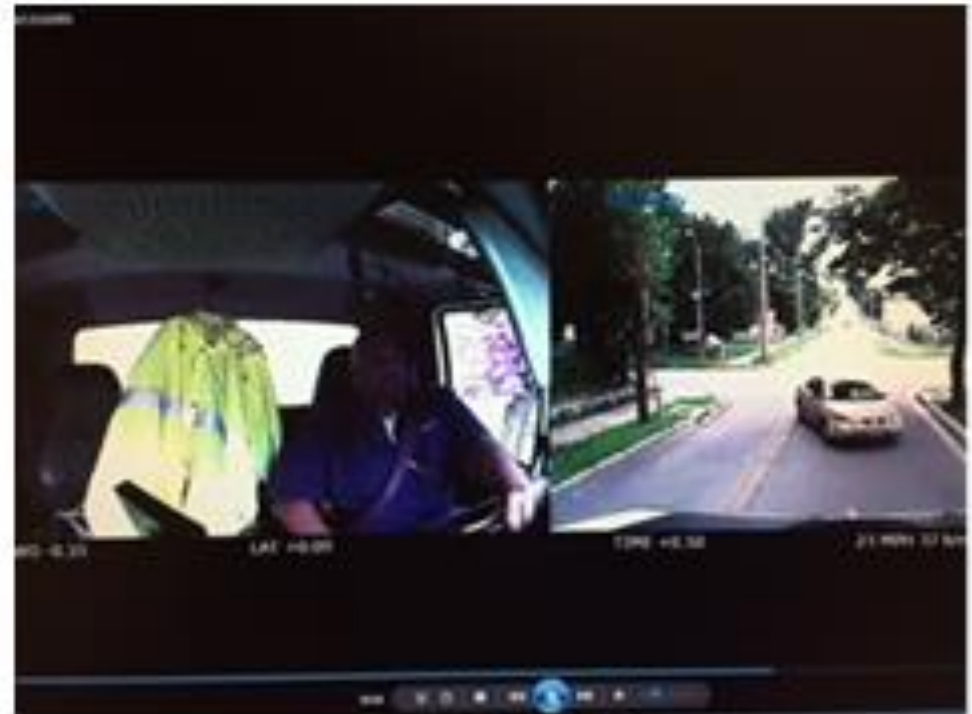
Objective 6

Continue to implement a vehicle and equipment replacement program.

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Fleet Availability Over Time Citywide

Legend: ■ Avg Units Available/Day ■ Avg Units Down/Day ○ Percent Available

	FY2013	FY2014	FY2015	FY2016
Avg Units Down/Day	118	246	251	316
Percent Available	96.2%	92.1%	92.1%	90.2%
Avg Units Available/Day	3,023	2,865	2,939	2,913

Number of Vehicles Available

Source: General Services Department, Fleet Division

58
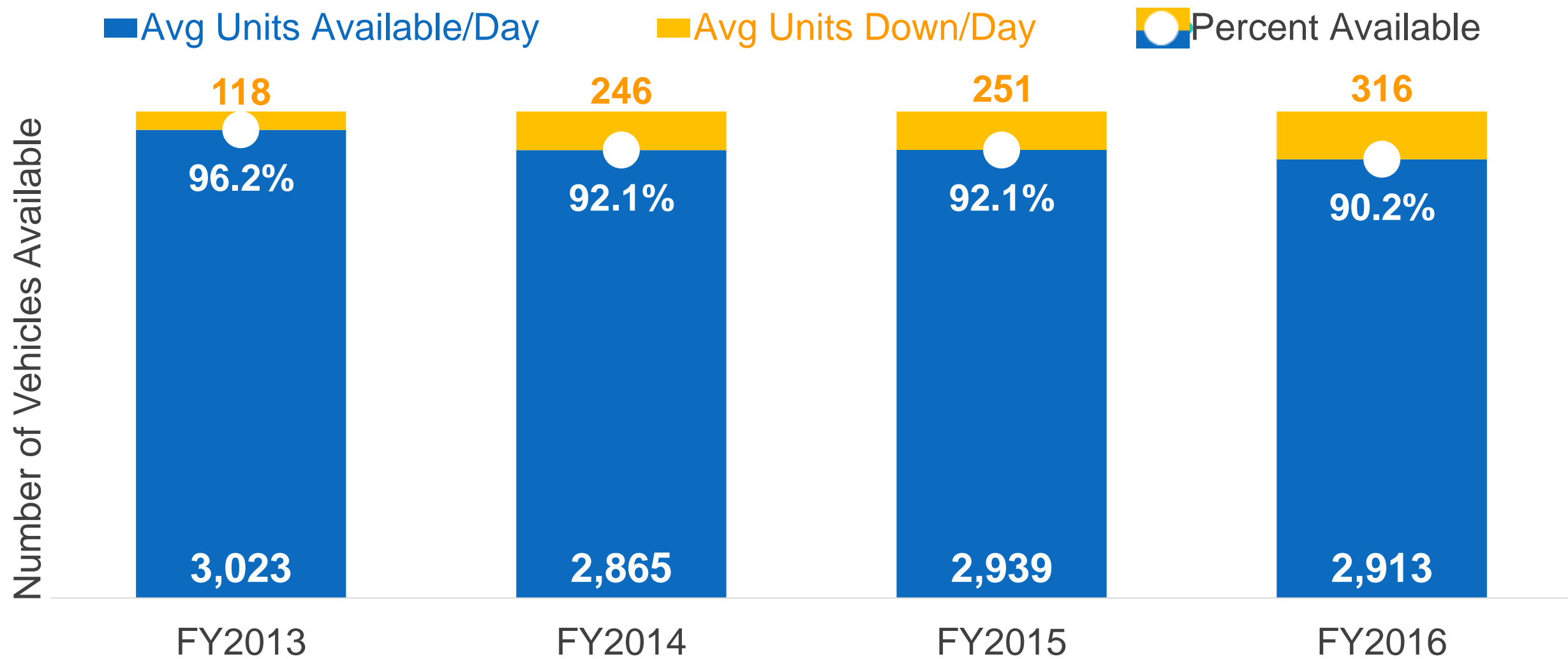
Profile of Fleet as of November 2016

Number of Vehicle Equivalents by Vehicle Type
(GVW = Gross Vehicle Weight)

1 Vehicle Equivalent = resources to maintain one sedan (e.g. 1 dump truck = approximately 10 VE)

Vehicle Type	Vehicle Equivalents	Unit % of Fleet
Heavy Vehicles (> 19,500 GVW)	4,489	16.2%
Medium Vehicles (Between 10,000 and 19,500 GVW)	1,895	13.6%
Heavy Equip (>10,000 GVW)	1,092	9.9%
Light Equip (< 10,000 GVW)	1,016	36.9%
Light Vehicles (< 10,000 GVW)	977	16.7%
Sedans	238	6.8%

Source: General Services Department, Fleet Division
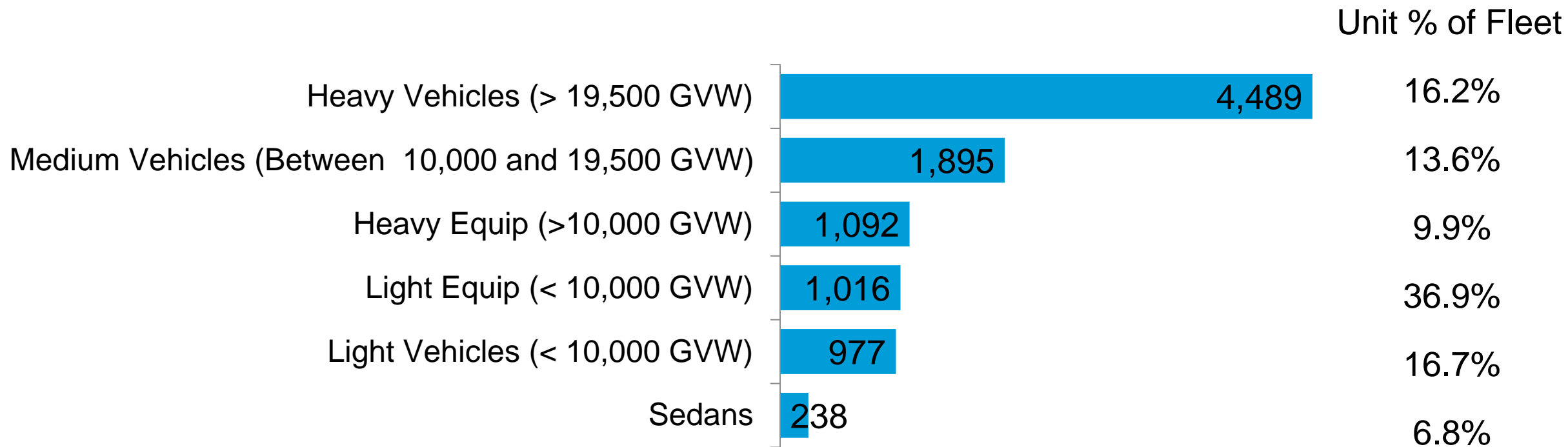
Right-Sizing: Redesign for Heavy Duty Snow Trucks

- New plow design (easier and safer to mount/unmount and provides safer and smoother ride)

- Major hydraulic system redesign (easier to operate and repair, cheaper to buy)

- Inclusion of as many stainless steel components as possible (less opportunity for rust)

- Replacing diesel with CNG (less CO produced, lower cost of fuel)

Before

After

Fleet in Lifecycle

Legend: November 30. 2015 | May 1, 2015 | April 30, 2016 | November 30, 2016 | Fiscal Year 2023 Goal

Y-axis: Percent of Fleet Within Lifecycle (0.00 to 80.00)

All General Fund Departments: 47.7%, 48.7%, 47%, 53.3%
KCFD: 39.9%, 38.6%, 28.9%, 45.3%
Parks and Recreation: 36.2%, 35.1%, 37.3%, 45.7%
Water Services: 72.4%, 67%, 68.4%, 73.3%

X-axis: Department

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Source: General Services Department, Fleet Division (kcstat.kcmo.org)
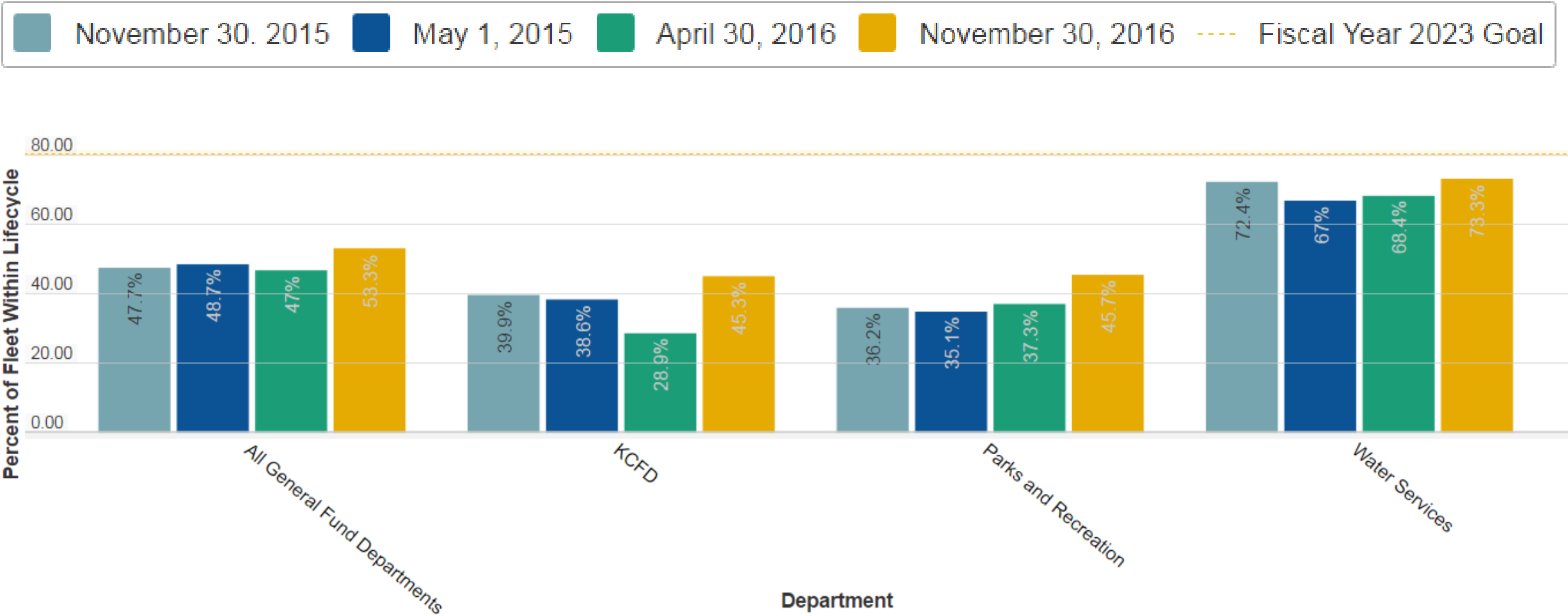
Fleet Partnerships

Kansas City Fleet Services and North Kansas City Schools share the same desire to provide cleaner energy sources to the Northland of Kansas City and surrounding areas, and have created a partnership to fulfill this shared desire:

- The district has recently constructed a CNG (compressed natural gas) station at 2000 NE 46th Street location.
- The City of Kansas City will be authorized to use the District's CNG station in order to fuel Kansas City CNG maintenance vehicles and the City will reimburse the District the cost of the CNG.
- This agreement will provide the City a much needed option to fuel vehicles north of the river where currently there is no option.

Objective 5

Identify and take advantage of opportunities for cost savings and efficiencies through operational analysis and managed competition, including a review of citywide timekeeping and payroll functions (Ongoing, April 2018)

Budget's Business Analysis Process

Identify the Opportunity
- Budget Increases or Constraints
- City Leadership Priorities
- Performance or KC Stat

Collaborate for Solutions
- Identify and Invite Stakeholders & Expertise
- Review Best Practices and Data
- Leading Change

Best Practice Results
- Solutions thru Implementation
- Measure Impact

Why is this model successful?

- Aligns priorities

- Links City towards a unifying outcome

- Partnership with departments

- Data driven

- Replicable yet adaptable

- Consistent support through implementation

- Performance is measured and reported

Business Analysis Project – Fleet Leasing

Opportunity: Explore leasing and maintaining light fleet vehicles through third-party

Partners:

- Central Fleet
- Departments Citywide

Results Anticipated:

- Lower maintenance costs
- Higher re-sale value

Source: Finance Department, Budget Division

Business Analysis Project – Fuel Stations

Opportunity: Develop a capital replacement and maintenance funding schedule for City-owned fuel stations

Partners:

- Central Fleet
- General Services

Results Anticipated:

- Consolidate fuel stations
- No increase in overhead charged to departments

Source: Finance Department, Budget Division

Business Analysis Project- Building a Best Practice Workers Compensation Program

Nurse Care Line

Implemented!

Transitional Duty Program

Implemented!

Fraud Prevention

Approved by City Manager – Next Step is Union Notice

Litigation Strategies

Implemented!

Functional Job Studies

Ongoing

Fit-for-Duty Policies

Approved by City Manager – Next Step is Union Notice

Safety Training

Ongoing

Measure Performance

SAFETY FIRST

Payroll Process Improvement

- Decision package in FY2017-18 budget request
  - Review of Citywide timekeeping and payroll functions
  - Expected outcomes include recommendations for:
    - Standardization of procedures
    - Automation of time entry to PeopleSoft
    - Improved internal controls
  - Additional funding would be needed to carry out recommendations

City/KCPD Service Optimizations

- Efforts continue to identify areas of efficiency between City and PD IT.
  - A consolidated phone system and email efforts are near completion.
  - "AOS", a technology firm, has been retained to identify other areas of opportunity and a recommended organizational structure.

Applying Process Improvement to KCMO

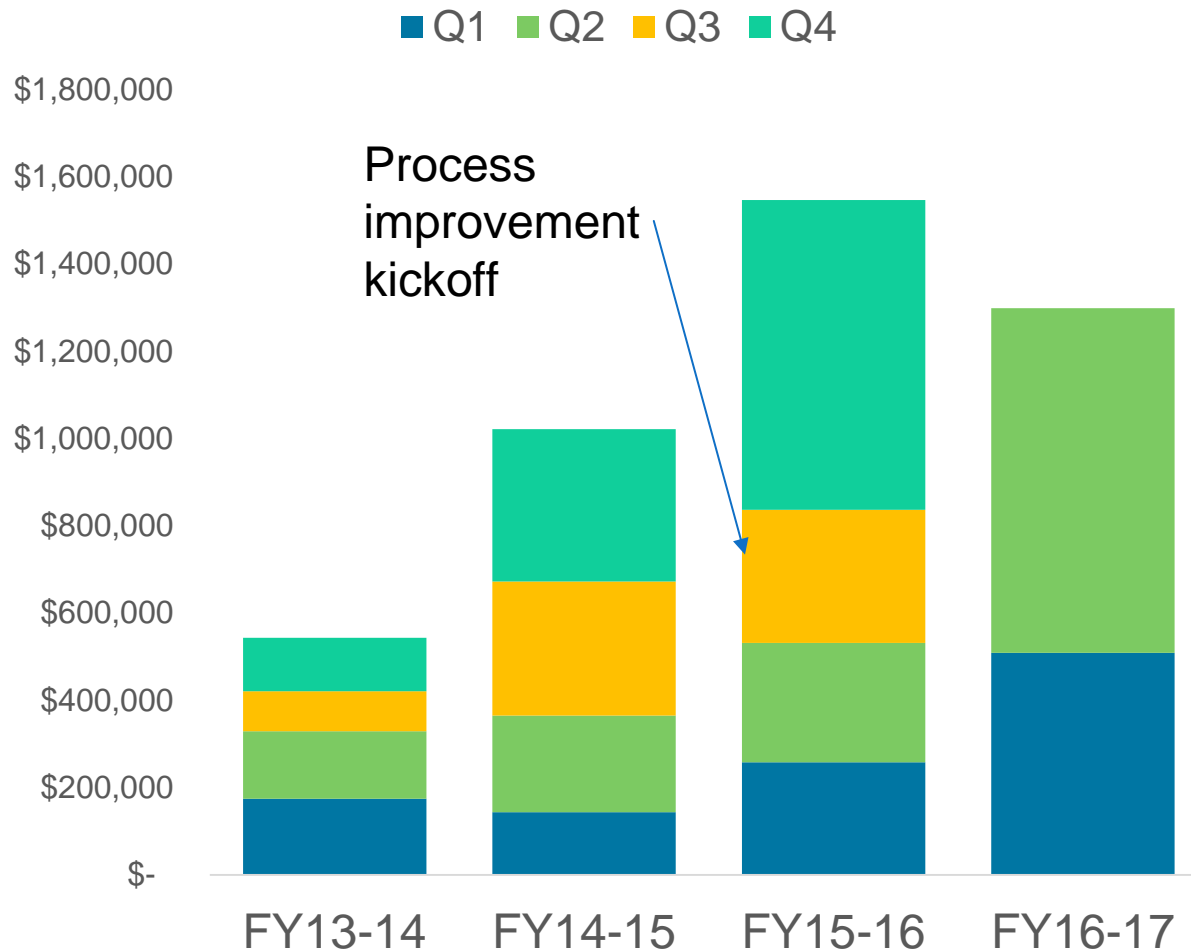| Project	Goal	Current Phase
Risk Management	Reduce exposure to claims and litigation	Measure/Analyze
Fleet Non-Targeted Repairs	Reduce incidents of non-targeted repairs of vehicles	Test
Collections	Optimize collection process	Complete
Dangerous Building Permitting	Streamline permitting for demolitions	Measure/Analyze

Law Department Collections Process Evaluation and Improvement

Law Collections by Quarter

■ Q1 ■ Q2 ■ Q3 ■ Q4

Process improvement kickoff

$1,800,000
$1,600,000
$1,400,000
$1,200,000
$1,000,000
$800,000
$600,000
$400,000
$200,000
$-

FY13-14   FY14-15   FY15-16   FY16-17

Recommendations Implemented from Evaluation Process:

1) Increase revenue supported staffing and shift existing staff duties as needed
2) Address most recently filed collection cases simultaneously with working oldest backlog
3) Dedicate support staff to post-judgment administration
4) Increase dollar threshold of cases sent to the Law Department for collections from $300 to $500
5) Report on collections to City Manager by end of calendar year 2016
6) Continue monitoring ROI on new staff
7) Technology enhances – IRS database matches for garnishments and automated notification for bankruptcy filings

Process Improvement Academy (PIA) Pilot

PROCESS IMPROVEMENT ACADEMY

A way of thinking about issues impacting your daily work and a set of tools that can be deployed together, as part of a project or just as needed.

Lean

Principles of Lean Process Improvement

Denver Peak Academy model

Facilitation

Techniques to manage groups

Measuring Performance
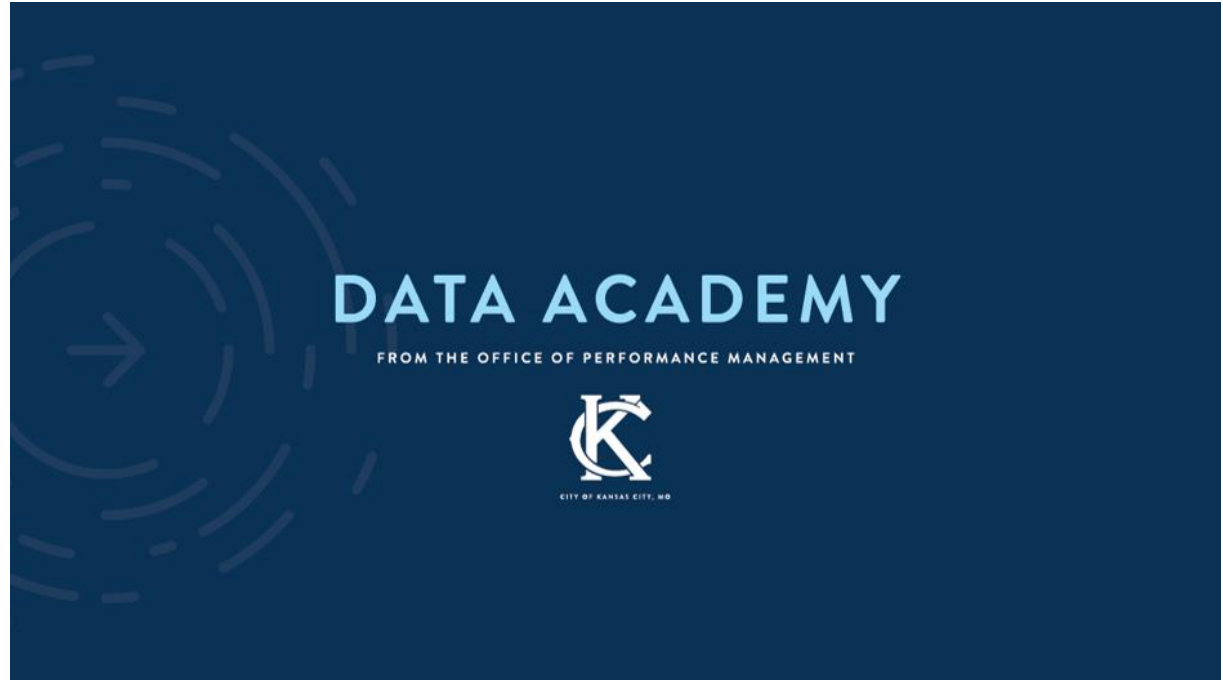
How to know if your project made a difference

Data Academy

- Concept of training employees on data-driven approaches was developed by Office of Performance Management in collaboration with Code for America
- First module developed and piloted in fall 2016 was Fundamentals of Data Analysis, which included four classes:
  - Prepare
  - Analyze 1 and 2
  - Act

Next module planned for spring 2017

26 participants

13 departments represented

38% of participants completed all 4 classes

65% completed 3 or more

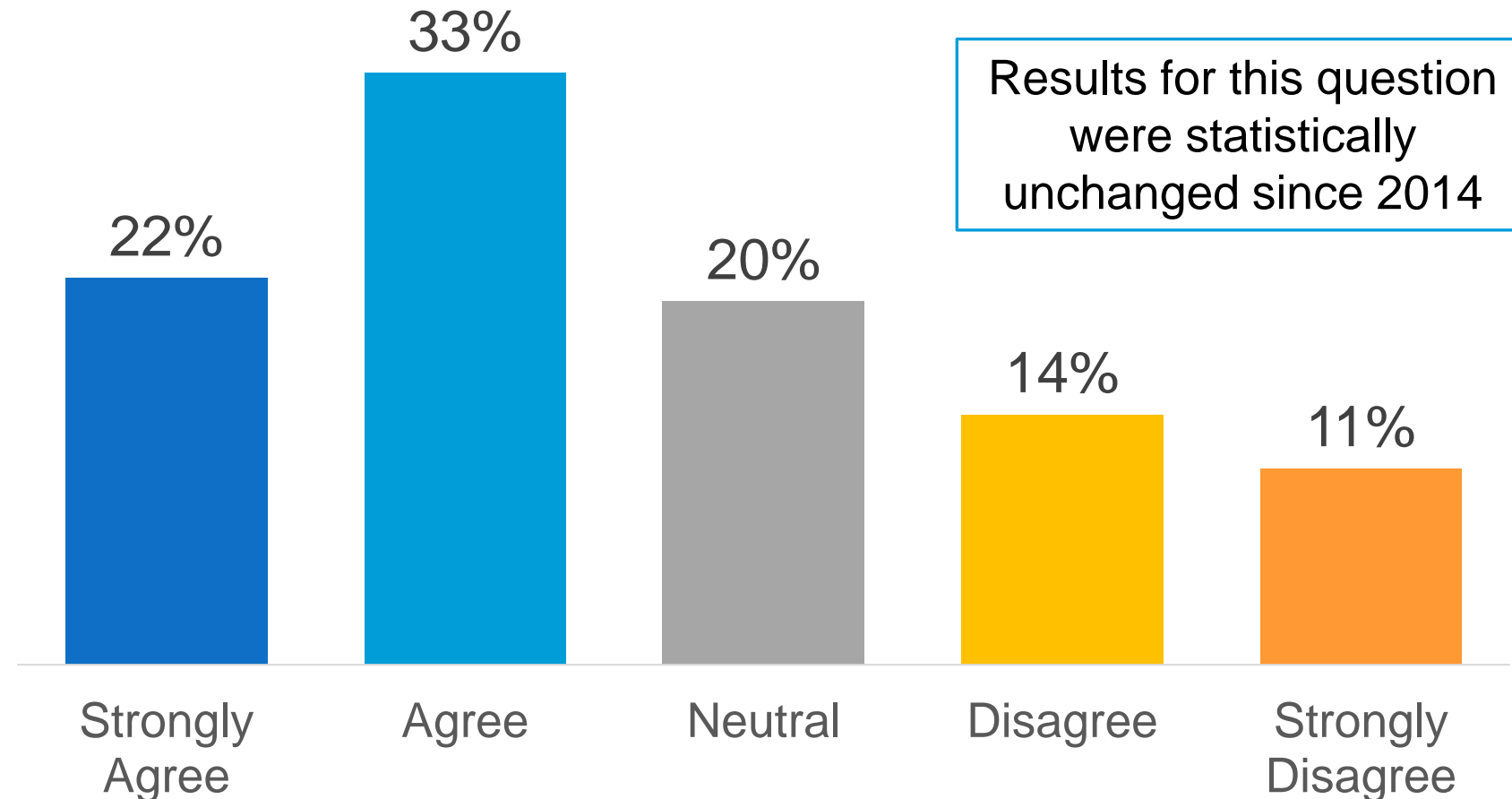*Source: Office of Performance Management*

ElevateKC (Employee Survey) Results for 2016

The City's second employee engagement survey shows that there is still room to improve the city's culture toward an ongoing focus on continuous improvement.

The survey also identified other opportunities for improving the work environment, including:
- Recognition
- Training/professional development
- Supervisory development
- Internal communication

Employees in my department are encouraged to suggest better ways of doing things

Results for this question were statistically unchanged since 2014

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
22%	33%	20%	14%	11%

Source: ElevateKC Employee Survey, 2016

Questions?

Stay up to date on progress at kcstat.kcmo.org

#KCStat